

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

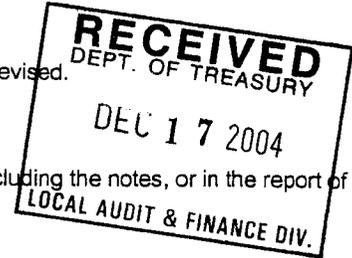
Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CITY OF WAYNE	County WAYNE
Audit Date JUNE 30, 2004	Opinion Date SEPTEMBER 21, 2004	Date Accountant Report Submitted to State: DECEMBER 14, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

- We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
- We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- Yes  No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes  No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes  No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes  No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes  No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes  No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes  No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes  No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes  No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) POST, SMYTHE, LUTZ & ZIEL LLP, CERTIFIED PUBLIC ACCOUNTANTS			
Street Address 35110 E. MICHIGAN AVE.	City WAYNE	State MI	ZIP 48184
Accountant Signature <i>Ronald H. Traskos CPA</i>		Date 12/14/04	
RONALD H. TRASKOS, C.P.A.			

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**Comprehensive Annual Financial Report**  
**City of Wayne, Michigan**  
**Department of Finance**

For the Fiscal Year Ended  
June 30, 2004

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**CITY COUNCIL**

ABDUL "AL" HAIDOUS, *MAYOR*  
PAMELA S. DOBROWOLSKI, *MAYOR PRO TEM*  
DONNA M. MC EACHERN, *COUNCILWOMAN*  
THOMAS H. KELLY, *COUNCILMAN*  
BEVERLY M. SHACKELFORD, *COUNCILWOMAN*  
DONALD L. HARTFORD, *COUNCILMAN*  
SUSAN M. ROWE, *COUNCILWOMAN*

JOHN J. ZECH, *City Manager*

---

**DEPARTMENT OF FINANCE**

TIMOTHY McCURLEY  
*Finance Director - Treasurer*

CAROLYNN S. PARNELL  
*Assistant Finance Director*

BEVERLY A. SIMONS  
*Senior Accountant*

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CITY OF WAYNE, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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*City of*  
**WAYNE**

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**FINANCE DEPARTMENT**

November 17, 2004

Mayor Haidous and members of the City Council  
City of Wayne  
Wayne, Michigan

We are pleased to submit the City of Wayne Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This report was prepared by the City Finance Department. Responsibility for both the accuracy of the prepared data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds, and component units of the City. All necessary disclosures are included in the document to enable the reader to gain an understanding of the City's financial activities.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter, an organizational chart and a list of principal officials. The Financial section includes the independent auditor's report, management's discussion and analysis, the basic financial statements, required supplementary information, combining individual fund statements and schedules and other supporting schedules and financial information. The Statistical section includes selected financial and demographic information presented on a multi-year basis.

#### **REPORTING ENTITY AND SERVICES**

This report includes all the funds of the City of Wayne as legally defined, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. The City has blended with its financial statements those of the City of Wayne Building Authority component unit. The City of Wayne Downtown Development Authority and the City of Wayne Housing Commission are included as discretely presented component units.

The City participates in the following joint ventures with other communities: the Nankin Transit Commission, and the Central Wayne County Sanitation Authority. Note 4.D. in the Notes to the Financial Statements provides summary information for these joint ventures.

The City provides a full range of municipal services including public safety (police, fire and rescue), sanitation, public works, the construction and maintenance of highways and streets, parks and recreation, planning, zoning, development, library, water, sewers, and general administrative services.

## **GOVERNMENTAL STRUCTURE**

The City was incorporated in 1960 and operates under a Council-Manager form of government. Six council members and a mayor are elected at-large. Three Council members and the mayor are elected biannually at each regular City election. The City Council appoints a City Manager, a City Attorney, and an Independent Auditor.

## **ECONOMIC CONDITION AND OUTLOOK**

Comerica Bank Chief Economist, David Littman indicates that for 2004 the U.S. economy will enjoy its highest real GDP growth (4.5%) and lowest inflation rate (2.0%) for the business cycle. Mr. Littman also projects that around the November election interest rates will begin to increase.

For 2005, Mr. Littman indicates that we will have continued economic expansion. With the continued economic expansion is the rise in interest rates. By the end of 2005, funds rate will probably jump from 1% to 2.5%, with the prime rate moving from 4% to 5.5%.

Extending beyond 2005, Mr. Littman indicates that there will be a major slowing of the U.S. economy in 2006.

## **MAJOR INITIATIVES ACCOMPLISHED 2003-2004**

The City of Wayne has developed a master plan to bring all of its public safety and service facilities up to date. The City engaged the Services of CDPA Architects, a firm that specializes in municipal facilities. The planning of a dual use interim fire station/DPW Facility was the first project. During Fiscal Year 2004 the conversion of the interim fire station to our new DPW Facility was completed. Our Department of Public Works is now located in this facility. The fire station was also completed with the Fire Department moving in to its new location in September 2003.

The City of Wayne started the construction on their new police facility. This facility will house all police personnel, including the administration and dispatch services. This project was financed with Building Authority Bonds that were issued in the amount of \$7,500,000.

## **MAJOR INITIATIVES PLANNED 2004-2005**

Completion of the new police station with a scheduled occupancy of November 2004.

Future borrowing is anticipated for the replacement of the Newburgh Road Bridge. Michigan Transportation Fund Bonds will be issued to fulfill the City's portion of a 10 percent matching grant.

The City of Wayne received a \$500,000 grant from Wayne County, for the tearing down of the sled hill and the construction of two soccer fields.

A new clock tower will be installed in downtown Wayne by the end of the 2004 construction season.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

City Management is responsible for establishing, implementing, and maintaining an internal control designed to insure that City assets are protected from loss, theft, or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

## **BUDGETARY CONTROL**

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the function/activity level. However, for internal accounting purposes, budgetary control is maintained by line item account. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **CASH MANAGEMENT**

The City's investment policy is designed to safeguard capital and obtain a market rate of return. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, U.S. Government Agencies, commercial paper and municipal pooled trusts as permitted by state law and the City investment policy. All deposits were made in

Michigan banks and financial institutions of high standards and quality.

## **RISK MANAGEMENT**

The City maintains a Risk Management Internal Service Fund to administer property casualty and workers' compensation programs. The City participates in the Michigan Municipal Risk Management Authority for property and liability insurance. The City is an approved Self-insurer by the State of Michigan Department of Labor for workers' compensation benefits.

## **PENSION BENEFITS**

The City has a Pension Trust Fund to finance the Employers' Retirement System. An actuarial study determines the annual funding required by the City to meet its future benefits obligations with the objective of a level percentage of payroll contribution. The latest actuary report has certified that the Retirement System is at 96.6% funded and is in excellent financial condition.

## **INDEPENDENT AUDIT**

State statute and the City charter require an annual audit of the financial records and transactions of the City by independent certified accountants. The accounting firm of Post, Smythe, Lutz & Ziel, LLP was selected to perform the annual audit for the fiscal year ended June 30, 2004. The independent auditor's report is presented in the first component of the financial section of this report. The independent audit of the financial statements of the City of Wayne was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal control, and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the Single Audit provided no instances of material weaknesses in internal controls or significant violations of applicable laws and regulations.

## **AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wayne for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the fifteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

### ACKNOWLEDGEMENTS

The timely preparation of this report was made possible by the efficient and dedicated service of the entire Finance Department staff and our independent auditors, Post, Smythe, Lutz & Ziel LLP. Each of them has our sincere appreciation.

In closing, without the leadership and support of the Mayor and City Council, who have consistently supported the City's goal of excellence in all respects of financial management, preparation of this report would not have been possible.

Respectfully submitted,



John J. Zech  
City Manager



Timothy D. McCurley, CPA  
Finance Director/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wayne,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

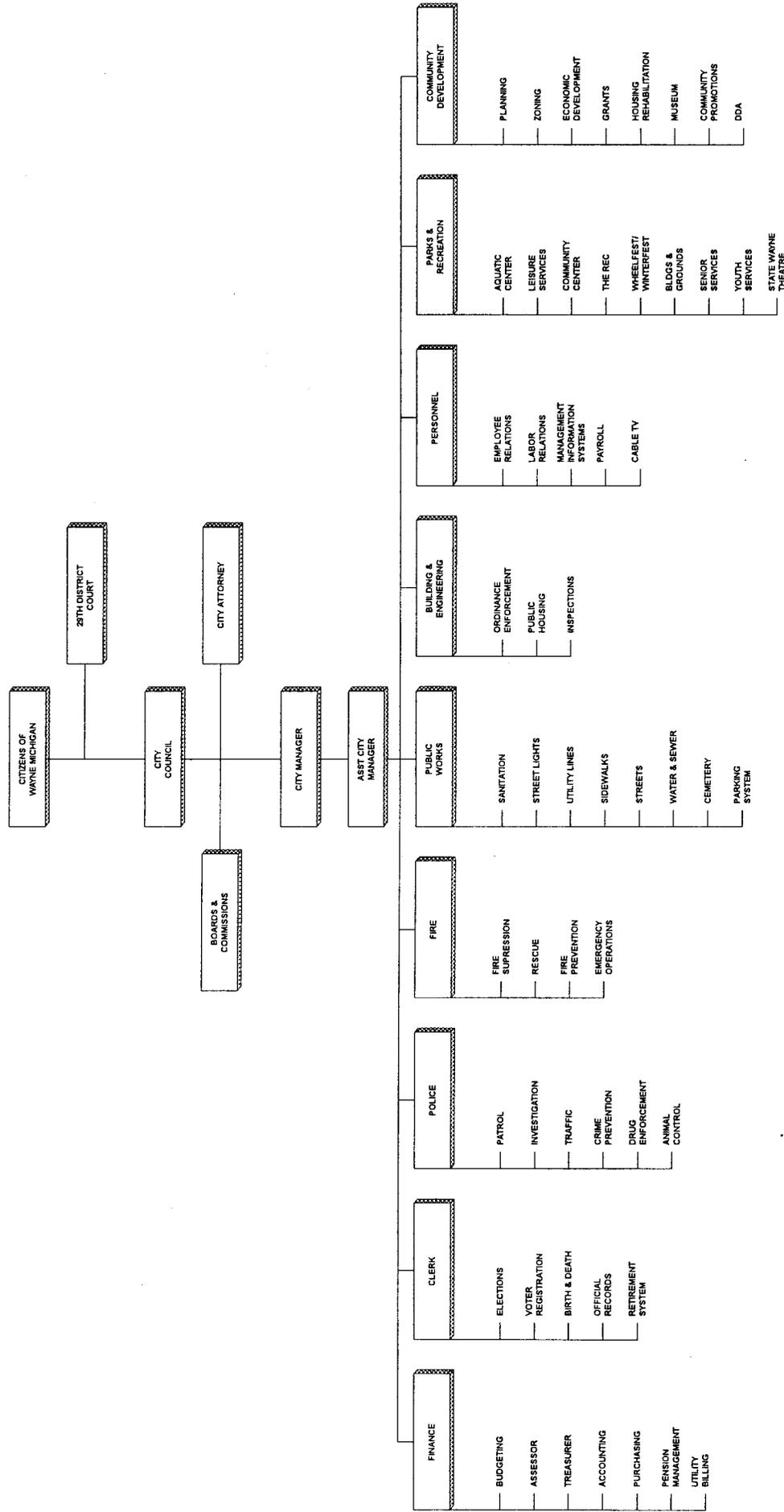


A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Ennis".

Executive Director



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## City of Wayne, Michigan List of Principal Officials

June 30, 2004

TITLE	NAME
City Manager	John J. Zech
Assistant City Manager/ Personnel Director	Robert C. English
Chief of Police	Michael Sumeracki
City Attorney	Richard S. Clark
City Clerk	Mary E. Carney
City Engineer	Ramzi J. El-Gharib
City Treasurer/Finance Director	Timothy D. McCurley
Community Development Director	Peter J. McInerney
Director of Parks & Recreation	Kimberly J. Fallow
Acting DPW Superintendent	Robert C. English
Fire Chief	Robert D. Dahlman



**POST, SMYTHE, LUTZ & ZIEL LLP**

*Certified Public Accountants*

**WAYNE**

Frank W. Smythe, C.P.A.  
Ronald H. Traskos, C.P.A.  
Kathy Billings, C.P.A.

35110 EAST MICHIGAN AVE.  
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TELEPHONE (734)722-9190  
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**PLYMOUTH**

Dennis M. Siegner, C.P.A., C.V.A.  
David R. Williamson, C.P.A.  
Jane F. Wang, C.P.A.  
Joseph N. Elder, C.P.A.

Sharon Walz Duckworth, C.P.A.  
Cari Ford, C.P.A.  
Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

Marty C. Morrison, C.P.A.  
Rana M. Emmons, C.P.A.  
Jennifer A. Galofaro, C.P.A., C.V.A.  
Susan H. Bertram, C.P.A.

**INDEPENDENT AUDITOR'S REPORT**

September 21, 2004

To the City Council  
City of Wayne, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented major component unit, each major fund, and the aggregate remaining fund information of City of Wayne, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Wayne, Michigan, management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Wayne Housing Commission component unit, which statements reflect total assets of \$1,139,133 as of December 31, 2003, and total revenues of \$361,468 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Wayne Housing Commission nonmajor component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented major component unit, each major fund, and the aggregate remaining fund information of the City of Wayne, Michigan, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2004, on our consideration of the City of Wayne, Michigan internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 17 through 25 and 76 through 77, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wayne, Michigan, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, accompanying schedule of expenditures of federal awards, other supplementary financial information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of City of Wayne, Michigan. The combining and individual nonmajor fund financial statements, accompanying schedule of expenditures of federal awards, and other supplementary financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL LLP  
Certified Public Accountants  
Wayne, Michigan

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

Page 1

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Wayne's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the transmittal letter beginning on page 5 and the City's financial statements, which begin on page 27.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 27-29) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 31. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the City as a Whole**

**The Statement of Net Assets and the Statement of Activities**

Our analysis of the City as a whole begins on page 19. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question - "Is the City as a whole better off or worse off as a result of the year's activities?" These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

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of activities:

- Governmental activities - Most of the City's basic services are reported here, including general government (administration), district court, public safety (police, fire and animal control), public services, sanitation (refuse collection), highways and streets and recreation and culture (including parks, recreation, library and museum). Property taxes, state shared revenues (sales and gas and weight tax) and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here.
- Component units - The City includes two separate legal entities in its report - the Downtown Development Authority and the Wayne Housing Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

#### **Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page 22. The fund financial statements begin on page 31 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the refuse collection and disposal fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from Wayne County for the Community Development Block Grant program). The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- *Governmental funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliations on page 32 and page 34 which follow the fund financial statements - Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

Page 3

- *Proprietary funds* - When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities - such as the City's DPW Services Fund.

**The City as Trustee**

**Reporting the City's Fiduciary Responsibilities**

The City is the trustee, or *fiduciary*, for its employees' pension plan, which includes the assets in the Public Employee Health Care Fund that can only be used for retirees and their beneficiaries health care. All of the City's fiduciary activities are reported in separate Statements of Net Assets and Changes in Fiduciary Net Assets on pages 38 and 39. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE CITY AS A WHOLE**

For the year ended June 30, 2004, net assets changed as follows:

**Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals Primary Government</b>	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 14,493,798	\$ 19,716,980	\$ 1,028,169	\$ 327,220	\$ 15,521,967	\$ 20,044,200
Capital Assets	39,797,776	34,256,205	19,359,242	19,818,509	59,157,018	54,074,714
Total Assets	<u>54,291,574</u>	<u>53,973,185</u>	<u>20,387,411</u>	<u>20,145,729</u>	<u>74,678,985</u>	<u>74,118,914</u>
Long-Term Debt Outstanding	(21,500,216)	(22,382,095)	(3,023,269)	(3,235,000)	(24,523,485)	(25,617,095)
Other Liabilities	(6,615,096)	(5,686,763)	(884,778)	(833,171)	(7,499,874)	(6,519,934)
Total Liabilities	<u>(28,115,312)</u>	<u>(28,068,858)</u>	<u>(3,908,047)</u>	<u>(4,068,171)</u>	<u>(32,023,359)</u>	<u>(32,137,029)</u>
Net Assets:						
Invested in Capital Assets Net of Related Debt	20,560,599	20,655,317	16,140,973	16,418,509	36,701,572	37,073,826
Restricted	629,740	643,927	49,342	62,464	679,082	706,391
Unrestricted	4,985,923	4,605,083	289,049	(403,415)	5,274,972	4,201,668
Total Net Assets	<u>\$ 26,176,262</u>	<u>\$ 25,904,327</u>	<u>\$ 16,479,364</u>	<u>\$ 16,077,558</u>	<u>\$ 42,655,626</u>	<u>\$ 41,981,885</u>

CITY OF WAYNE, MICHIGAN  
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FOR THE YEAR ENDED JUNE 30, 2004

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Net assets of the City's governmental activities increased by 1.05% (\$25,904,327 compared to \$26,176,262). Governmental activities were charged with \$1,086,139 of depreciation and the general fund experienced \$177,745 of expenditures and other uses in excess of revenues and other sources.

Net assets of the business-type activities increased by 2.5% (16,077,558 compared to \$16,479,364). This was an improvement over the prior year decrease of .62%. Rates were increased in the current year to cover increased expenses.

*Unrestricted* net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$4,605,083 at June 30, 2003 to \$4,985,923 at June 30, 2004.

**Governmental Activities**

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2004	2003	2004	2003	2004	2003
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 2,809,692	\$ 3,209,924	\$ 6,374,149	\$ 6,020,010	\$ 9,183,841	\$ 9,229,934
Federal Grants	459,743	573,227	-	-	459,743	573,227
State Grants and Entitlements	3,735,435	3,824,086	-	-	3,735,435	3,824,086
County Grants	25,688	26,513	-	-	25,688	26,513
Private Contributions	146,920	15,894	-	-	146,920	15,894
General Revenues:						
Property Taxes	8,747,008	8,130,574	-	-	8,747,008	8,130,574
Franchise Fee	170,606	164,352	-	-	170,606	164,352
Investment Earnings	161,454	194,901	25,421	31,400	186,875	226,301
Miscellaneous Revenues	577,845	432,759	-	-	577,845	432,759
<b>Total Revenues</b>	<b>16,834,391</b>	<b>16,572,230</b>	<b>6,399,570</b>	<b>6,051,410</b>	<b>23,233,961</b>	<b>22,623,640</b>
<b>Program Expenses</b>						
General Government	1,395,603	1,399,549	-	-	1,395,603	1,399,549
District Court	629,354	669,849	-	-	629,354	669,849
Public Safety	5,919,479	5,856,445	-	-	5,919,479	5,856,445
Public Services	1,096,336	1,382,016	-	-	1,096,336	1,382,016
Highways and Streets	1,400,194	1,257,149	-	-	1,400,194	1,257,149
Sanitation	1,179,519	1,181,347	-	-	1,179,519	1,181,347
Recreation and Culture	3,642,436	4,048,398	-	-	3,642,436	4,048,398
Other Functions	374,897	599,842	-	-	374,897	599,842
Interest on Long-Term Debt	1,050,208	845,226	-	-	1,050,208	845,226
Water and Sewer	-	-	5,997,764	6,133,472	5,997,764	6,133,472
<b>Total Expenses</b>	<b>16,688,026</b>	<b>17,239,821</b>	<b>5,997,764</b>	<b>6,133,472</b>	<b>22,685,790</b>	<b>23,373,293</b>
Excess (Deficiency) before Special Item and Transfers	146,365	(667,591)	401,806	(82,062)	548,171	(749,653)
Special Item	125,570	275,933	-	-	125,570	275,933
Transfers	-	(42,035)	-	42,035	-	-
<b>Increase (Decrease) in net Assets</b>	<b>271,935</b>	<b>(433,693)</b>	<b>401,806</b>	<b>(40,027)</b>	<b>673,741</b>	<b>(473,720)</b>
Net Assets, Beginning	25,904,327	26,338,020	16,077,558	16,117,585	41,981,885	42,455,605
<b>Net Assets, Ending</b>	<b>\$ 26,176,262</b>	<b>\$ 25,904,327</b>	<b>\$ 16,479,364</b>	<b>\$ 16,077,558</b>	<b>\$ 42,655,626</b>	<b>\$ 41,981,885</b>

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

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To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	Licenses and fees
District Court	One-half of ordinance fines and costs, probation oversight fees, bond forfeitures and other court fees; State grant for district judge salary.
Public Safety	One-half of ordinance fines and costs - police department; rescue fees and emergency response fees - fire department; State funds for 911 service fees; Federal operating and capital grants for police and fire.
Public Services	Building, electrical and other permits and licenses.
Highways and Streets	State shared revenues for gas and weight tax and trunk line maintenance.
Recreation and Culture	Recreation rentals, memberships and daily fees for the aquatic center, ice arena and community center; Federal CDBG capital grant for parks; library fines and fees; State grant for library operations.
Other Functions	Federal CDBG grants for housing rehabilitation.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

**Business-type Activities**

The City has one business-type activity - the Water and Sewer System Fund. The operating revenues of the City's Water and Sewer System Fund increased by 5.88% (\$6,020,010 in 2002-03

CITY OF WAYNE, MICHIGAN  
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compared to \$6,374,149 in 2003-04) while operating expenses decreased by 1.51% (\$5,968,432 in 2002-03 compared to \$5,878,147 in 2003-04). Interest earned in the Water and Sewer Fund decreased from \$31,400 in the prior year to \$25,421 in the current year. The City experienced a net income in the Water and Sewer Fund for the current year of \$401,806 compared to a net loss of \$40,027 in the prior year.

The City purchases water from the City of Detroit. The Detroit rates to the City increased from \$4.97 per mcf during 2002-03 to \$6.32 per mcf during 2003-04, a 27.16% increase. The rates charged to our customers were increased by 11.7%

### **THE CITY'S FUNDS**

As of June 30, 2004, the governmental funds of the City, as presented in the balance sheet on page 31, reported a combined fund balance of \$5,718,510, which reflects a decrease of \$6,064,578 from the prior year. The Building Authority showed a decrease in fund balance of \$6,536,419, which was due to the construction of our new Police and Fire buildings. The General Fund showed an increase in the fund balance of \$177,745 which is the result of revenues and other financing sources in excess of expenditure and other uses. The major cause of the increase is the reduction in expenditures associated with our Parks & Recreation department which was initiated due to the reduction in previous years of State Shared Revenues. In addition, these other changes in fund balances should be noted:

- The fund balance in the Local Street Fund increased \$36,016. The City's share of gasoline taxes collected by the State increased slightly over the prior year. In addition, the general fund transferred \$200,000 to the fund to help bolster the fund balance. The fund balance was further enhanced by an overall softening of expenditures in all categories of activities.
- The fund balance in the Major Street Fund increased by \$226,346. Revenues in 2003-04 increased slightly; however, the major difference was in the amount of funds transferred to the Local Street. The previous year \$475,000 was transferred from the Major Street Fund to the Local Street Fund, whereas, the 2003-04 transfer was \$290,400.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the current year, the City Council revised the General Fund budget once.

- The budget amendment was to record the revenues and expenditures associated with federal grants that the City received during the year. The total amount of the budget amendment was \$106,158. Additionally, \$4,100,000 was reclassified from transfers to other revenue.

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

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**CAPITAL ASSETS**

At the end of June 30, 2004, the City had \$59,157,017 invested in capital assets including land and land improvements, buildings, improvements, equipment (including police and fire equipment), park facilities, roads, bridges and water and sewer lines (see table below). This represents an increase of \$5,082,303 or 9.4% over the previous year.

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2004	2003	2004	2003	2004	2003
Land & Land Improvements	\$ 4,012,431	\$ 4,059,557	\$ -	\$ -	\$ 4,012,431	\$ 4,059,557
Buildings	21,017,193	16,776,672	-	-	21,017,193	16,776,672
Improvements	1,201,634	1,177,493	-	-	1,201,634	1,177,493
Equipment	2,426,557	2,659,028	158,415	270,295	2,584,972	2,929,323
Infrastructure	4,963,858	5,379,647	-	-	4,963,858	5,379,647
Utility Property	-	-	19,200,825	19,548,214	19,200,825	19,548,214
Construction-in-Progress	6,176,103	4,203,808	-	-	6,176,103	4,203,808
	<u>\$ 39,797,776</u>	<u>\$ 34,256,205</u>	<u>\$ 19,359,240</u>	<u>\$ 19,818,509</u>	<u>\$ 59,157,016</u>	<u>\$ 54,074,714</u>

This years major additions included:

Construction in Progress - New Police Facility \$5,748,096

Additional information on the City of Wayne's capital assets can be found in note 3C on pages 57-59 of this report.

**DEBT ADMINISTRATION**

At year end, the City has \$25,290,000 in outstanding general obligation bonds, \$482,466 in notes payable and \$6,441 in capital leases payable. This is a \$804,098 or a 3.02% decrease over the prior year total balance of \$26,583,005 as shown in the following table.

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ 21,910,000	\$ 22,515,000	\$ 3,380,000	\$ 3,400,000	\$ 25,290,000	\$ 25,915,000
Notes Payable	482,466	655,604	-	--	482,466	655,604
Capital Leases	6,441	12,401	-	--	6,441	12,401
	<u>\$ 22,398,907</u>	<u>\$ 23,183,005</u>	<u>\$ 3,380,000</u>	<u>\$ 3,400,000</u>	<u>\$ 25,778,907</u>	<u>\$ 26,583,005</u>

New debt was issued July 2004 in general obligation bonds in the amount of \$7,750,000 for the

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

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purpose of paying the cost of capital improvements, consisting of additions, extensions and improvements to the City's Water Supply and Sewage Disposal System.

The City of Wayne received an A3 rating from Moodys Investors Service noting historically well managed and stable financial operations. Under current state statutes, the City of Wayne's general obligation bonded debt issuances are subject to a legal limitation based on 10 percent of the total assessed value of real and personal property. As of June 30, 2004, the City of Wayne's net general obligation bonded debt was well below the legal limit of \$75,634,552. Additional information on the City of Wayne's long-term debt can be found in Note 3E on pages 60-64 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the Fiscal Year 2004-05 Budget, tax rates and fees that will be charged to business type activities. One of those factors is the economy. The Michigan economic recovery is showing positive signs of growth but at a very slow pace. The nation's unemployment rose to 6.0 percent, while the City of Wayne nine month average was 5.1 percent. Although the Michigan economy has been losing jobs over the past two years, the pace of these losses has moderated.

Approved appropriations by the City Council in the General Fund budget are \$18,195,652 for the 2004-2005 fiscal year which is an increase of 7.3% over FY 2003-2004 actual expenditures and transfers out of \$16,959,901. Revenue projections are budgeted at \$18,026,808 with a \$168,844 use of fund balance, of which \$89,000 was reserved. Property tax assessment increases and significant transfers in from other funds are expected, however, the State revenue sharing is expected to remain constant. The revenue budget reflects a 5.2% increase over the June 30, 2004 actual amount of \$17,137,646. State revenue sharing plays a significant role in the City of Wayne's budget, accounting for over 17.8% of total General Fund revenue. The City of Wayne and all local communities continue to be vulnerable to statutory revenue sharing cuts by the State. If future cuts are imminent, the City is again making plans to be prepared.

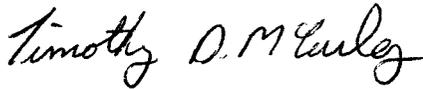
The only major capital project the City of Wayne has planned for fiscal year 2004-05 budget is the water & sewer project mentioned earlier.

CITY OF WAYNE, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2004

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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, contact the City's finance office at 3355 South Wayne Road, Wayne, Michigan 48184



Timothy D. McCurley, CPA  
Finance Director/City Treasurer

**CITY OF WAYNE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	PRIMARY GOVERNMENT			COMPONENT UNITS	
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	MAJOR	NONMAJOR
	ACTIVITIES	ACTIVITIES		COMPONENT	COMPONENT
				UNIT	UNIT
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 10,057,168	\$ --	\$ 10,057,168	\$ 2,403,318	\$ 108,621
Investments	2,257,537	--	2,257,537	260,169	--
Receivables (Net)	1,558,151	898,328	2,456,479	58,186	178
Internal Balances	140,853	(140,853)	--	--	--
Inventories	199,884	--	199,884	--	4,750
Prepaid Expenses	45,793	925	46,718	4,851	--
Deferred Charges	150,283	--	150,283	--	--
Restricted Assets:					
Cash and Cash Equivalents	--	253,093	253,093	--	--
Cash with Fiscal Agent	--	16,676	16,676	--	--
Total Current Assets	<u>14,409,669</u>	<u>1,028,169</u>	<u>15,437,838</u>	<u>2,726,524</u>	<u>113,549</u>
Noncurrent Assets:					
Land Contract Receivable	84,129	--	84,129	--	--
Capital Assets (Note 3C):					
Land, Improvements, and					
Construction in Progress	10,188,534	--	10,188,534	562,267	58,641
Other Capital Assets, Net of Depreciation	29,609,242	19,359,242	48,968,484	3,924,119	966,943
Total Capital Assets	<u>39,797,776</u>	<u>19,359,242</u>	<u>59,157,018</u>	<u>4,486,386</u>	<u>1,025,584</u>
Total Assets	<u>54,291,574</u>	<u>20,387,411</u>	<u>74,678,985</u>	<u>7,212,910</u>	<u>1,139,133</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Expenses	5,323,132	664,351	5,987,483	116,079	42,849
Deferred Revenue	133,125	--	133,125	--	2,205
Liabilities Payable from Restricted Assets					
Current Portion of Long-Term Debt	--	195,000	195,000	--	--
Accrued Interest Payable	260,148	25,427	285,575	--	--
Total Current Liabilities	<u>5,716,405</u>	<u>884,778</u>	<u>6,601,183</u>	<u>116,079</u>	<u>45,054</u>
Long-Term Liabilities (Note 3E):					
Due Within One Year	898,691	--	898,691	--	--
Due in More than One Year	21,500,216	3,023,269	24,523,485	--	--
Total Long-Term Liabilities	<u>22,398,907</u>	<u>3,023,269</u>	<u>25,422,176</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>28,115,312</u>	<u>3,908,047</u>	<u>32,023,359</u>	<u>116,079</u>	<u>45,054</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	20,560,599	16,140,973	36,701,572	4,268,190	1,025,584
Restricted For:					
Capital Projects	22,978	--	22,978	--	--
Debt Service	161,502	32,666	194,168	--	--
Cemetery Perpetual Care (Nonexpendable)	289,360	--	289,360	--	--
Other Purposes	155,900	16,676	172,576	--	--
Unrestricted	4,985,923	289,049	5,274,972	2,828,641	68,495
Total Net Assets	<u>\$ 26,176,262</u>	<u>\$ 16,479,364</u>	<u>\$ 42,655,626</u>	<u>\$ 7,096,831</u>	<u>\$ 1,094,079</u>

The accompanying notes are an integral part of this statement.

**CITY OF WAYNE, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>			
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General Government	\$ 1,395,603	\$ 181,066	\$ 15,926	\$ 27,159
District Court	629,354	413,886	43,391	--
Public Safety	5,919,479	540,315	298,193	8,657
Public Services	1,096,336	442,873	13,000	--
Highways and Streets	1,400,194	62,495	1,112,298	--
Sanitation	1,179,519	--	--	--
Recreation and Culture	3,642,436	1,141,015	112,636	159,148
Other Functions	374,897	28,042	252,308	--
Interest on Long-Term Debt	1,050,208	--	--	--
Total Governmental Activities	<u>16,688,026</u>	<u>2,809,692</u>	<u>1,847,752</u>	<u>194,964</u>
Business-type Activities:				
Water and Sewer	5,997,764	6,374,149	--	--
Total Primary Government	<u>\$ 22,685,790</u>	<u>\$ 9,183,841</u>	<u>\$ 1,847,752</u>	<u>\$ 194,964</u>
<b>COMPONENT UNITS:</b>				
Downtown Development Authority	\$ 5,618,167	\$ 431,405	\$ --	\$ 178,649
Wayne Housing Commission	432,561	160,098	87,771	110,407
Total Component Units	<u>\$ 6,050,728</u>	<u>\$ 591,503</u>	<u>\$ 87,771</u>	<u>\$ 289,056</u>

General Revenues:

Taxes:  
Property taxes, levied for general purposes  
Property taxes, levied for debt service  
Property taxes, levied for refuse  
Property taxes, levied for library  
Franchise Fee  
Investment Earnings  
Grants and Contributions not restricted to specific programs  
Miscellaneous  
Special Item - Gain on Sale of Land  
Total General Revenues and Transfers  
Change in net assets  
Net Assets, Beginning  
Net Assets, Ending

The accompanying notes are an integral part of this statement.

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNITS</b>	
<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>MAJOR COMPONENT UNIT</b>	<b>NONMAJOR COMPONENT UNIT</b>
\$ (1,171,452)	\$ --	\$ (1,171,452)	\$ --	\$ --
(172,077)	--	(172,077)	--	--
(5,072,314)	--	(5,072,314)	--	--
(640,463)	--	(640,463)	--	--
(225,401)	--	(225,401)	--	--
(1,179,519)	--	(1,179,519)	--	--
(2,229,637)	--	(2,229,637)	--	--
(94,547)	--	(94,547)	--	--
(1,050,208)	--	(1,050,208)	--	--
(11,835,618)	--	(11,835,618)	--	--
--	376,385	376,385	--	--
(11,835,618)	376,385	(11,459,233)	--	--
--	--	--	(5,008,113)	--
--	--	--	--	(74,285)
--	--	--	(5,008,113)	(74,285)
6,762,001	--	6,762,001	5,550,712	--
412,120	--	412,120	--	--
984,205	--	984,205	--	--
588,682	--	588,682	--	--
170,606	--	170,606	--	--
161,454	25,421	186,875	17,652	124
2,325,070	--	2,325,070	--	--
577,845	--	577,845	--	3,068
125,570	--	125,570	--	--
12,107,553	25,421	12,132,974	5,568,364	3,192
271,935	401,806	673,741	560,251	(71,093)
25,904,327	16,077,558	41,981,885	6,536,580	1,165,172
\$ 26,176,262	\$ 16,479,364	\$ 42,655,626	\$ 7,096,831	\$ 1,094,079

CITY OF WAYNE, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Building Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,755,698	\$ 414,622	\$ 254,762	\$ 1,600,237	\$ 1,378,039	\$ 5,403,358
Investments	--	--	--	1,411,210	--	1,411,210
Receivables:						
Accounts (Net)	176,794	107	--	--	22,679	199,580
Taxes (Net)	576,774	--	--	--	14,956	591,730
Special Assessments	--	--	--	--	6,237	6,237
Intergovernmental	349,399	164,496	51,251	--	104,680	669,826
Land Contracts	--	--	--	--	125,208	125,208
Due from Other Funds	38,927	--	32,460	--	--	71,387
Interfund Receivables	119,673	--	--	--	--	119,673
Inventory	4,427	--	--	--	--	4,427
Prepaid Items	44,202	120	--	--	1,471	45,793
<b>Total Assets</b>	<b>\$ 3,065,894</b>	<b>\$ 579,345</b>	<b>\$ 338,473</b>	<b>\$ 3,011,447</b>	<b>\$ 1,653,270</b>	<b>\$ 8,648,429</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts Payable	\$ 304,458	\$ 8,999	\$ 6,440	\$ 502,940	\$ 365,881	\$ 1,188,718
Retainage Payable	--	--	--	379,775	8,335	388,110
Due to Other Funds	10,577	34,999	37,722	--	40,581	123,879
Interfund Payables	--	--	--	--	38,589	38,589
Accrued Salaries and Wages	463,482	--	--	--	19,786	483,268
Accrued Compensated Absences	272,240	--	--	--	4,052	276,292
Deposits	25,468	--	--	--	--	25,468
Deferred Revenue	296,503	--	--	--	109,092	405,595
<b>Total Liabilities</b>	<b>1,372,728</b>	<b>43,998</b>	<b>44,162</b>	<b>882,715</b>	<b>586,316</b>	<b>2,929,919</b>
Fund Balances:						
Reserved for:						
Prepaid Items	44,202	120	--	--	1,471	45,793
Police (Note 3.I.)	155,900	--	--	--	--	155,900
Debt Service	--	--	--	--	161,502	161,502
Perpetual Care (Nonexpendable)	--	--	--	--	289,360	289,360
Other Purposes	--	--	--	--	22,978	22,978
Unreserved:						
Designated for:						
Construction	285,000	--	--	--	--	285,000
Compensated Absences	666,820	--	--	--	18,294	685,114
Undesignated	541,244	535,227	294,311	2,128,732	--	3,499,514
Undesignated Reported in Nonmajor:						
Special Revenue Funds	--	--	--	--	344,641	344,641
Capital Projects Funds	--	--	--	--	228,708	228,708
<b>Total Fund Balance</b>	<b>1,693,166</b>	<b>535,347</b>	<b>294,311</b>	<b>2,128,732</b>	<b>1,066,954</b>	<b>5,718,510</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,065,894</b>	<b>\$ 579,345</b>	<b>\$ 338,473</b>	<b>\$ 3,011,447</b>	<b>\$ 1,653,270</b>	<b>\$ 8,648,429</b>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL  
FUND BALANCE TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

Total Governmental Fund Balances	\$ 5,718,510
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	37,179,161
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	282,437
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment use to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	7,929,137
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(24,932,983)</u>
Net Assets of Governmental Activities	<u>\$ 26,176,262</u>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Building Authority Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 6,747,045	\$ --	\$ --	\$ --	\$ 1,985,007	\$ 8,732,052
Licenses and Permits	438,956	--	--	--	--	438,956
Intergovernmental	2,432,060	810,079	301,562	--	563,954	4,107,655
Special Assessments	--	--	--	--	53,095	53,095
Charges for Services	1,803,776	--	--	--	53,262	1,857,038
Fines and Forfeits	497,099	--	--	--	--	497,099
Interest and Rents	84,942	1,992	1,209	65,770	15,997	169,910
Other	4,758,436	657	--	379,958	350,889	5,489,940
<b>Total Revenues</b>	<u>16,762,314</u>	<u>812,728</u>	<u>302,771</u>	<u>445,728</u>	<u>3,022,204</u>	<u>21,345,745</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	2,294,811	--	--	--	--	2,294,811
District Court	830,879	--	--	--	--	830,879
Public Safety	7,839,556	--	--	--	--	7,839,556
Public Services	1,489,784	--	--	--	--	1,489,784
Sanitation	--	--	--	--	1,111,427	1,111,427
Highways and Streets	--	292,807	757,870	--	--	1,050,677
Recreation and Culture	3,226,397	--	--	--	783,857	4,010,254
Other Functions	97,697	--	--	--	259,499	357,196
Capital Outlay	38,859	2,460	--	6,602,189	334,311	6,977,819
<b>Debt Service:</b>						
Principal	--	--	--	--	605,000	605,000
Interest and Paying Agent Fees	--	--	--	--	1,044,625	1,044,625
<b>Total Expenditures</b>	<u>15,817,983</u>	<u>295,267</u>	<u>757,870</u>	<u>6,602,189</u>	<u>4,138,719</u>	<u>27,612,028</u>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<u>944,331</u>	<u>517,461</u>	<u>(455,099)</u>	<u>(6,156,461)</u>	<u>(1,116,515)</u>	<u>(6,266,283)</u>
<b>Other Financing Sources/(Uses):</b>						
Transfers In	375,332	--	491,115	828,350	1,251,876	2,946,673
Transfers Out	(1,141,918)	(291,115)	--	(1,208,308)	(413,989)	(3,055,330)
Proceeds from Sale of Capital Assets	--	--	--	--	310,362	310,362
<b>Total Other Financing Sources/(Uses)</b>	<u>(766,586)</u>	<u>(291,115)</u>	<u>491,115</u>	<u>(379,958)</u>	<u>1,148,249</u>	<u>201,705</u>
<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses</b>	<u>177,745</u>	<u>226,346</u>	<u>36,016</u>	<u>(6,536,419)</u>	<u>31,734</u>	<u>(6,064,578)</u>
<b>Fund Balance at Beginning of Year</b>	<u>1,515,421</u>	<u>309,001</u>	<u>258,295</u>	<u>8,665,151</u>	<u>1,035,220</u>	<u>11,783,088</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,693,166</u>	<u>\$ 535,347</u>	<u>\$ 294,311</u>	<u>\$ 2,128,732</u>	<u>\$ 1,066,954</u>	<u>\$ 5,718,510</u>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

Net Changes in Fund Balances - Total Governmental Funds	\$	(6,064,578)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		5,891,680
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds from the sale. There was no gain or loss on the sale.		(184,792)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(16,737)
Discounts on Bond Proceeds from debt issued are an other financing source/use of funds, but are deferred charges to be amortized over the life of the bond issue in the statement of net assets.		(6,410)
Repayment of bond principal is a expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		750,983
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		(195,604)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment use, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		<u>97,393</u>
Change in Net Assets of Governmental Activities	\$	<u><u>271,935</u></u>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ --	\$ 4,653,810
Investments	--	846,327
Accounts Receivable	898,328	29,251
Due from Employees	--	4,373
Due from Other Funds	--	123,800
Interfund Receivable	38,589	--
Inventory	--	195,457
Prepaid Expense	925	--
Total Current Assets	937,842	5,853,018
Restricted Assets:		
Cash and Cash Equivalents	253,093	--
Cash with Fiscal Agent	16,676	--
Total Restricted Assets	269,769	--
Capital Assets:		
Property, Plant and Equipment	27,044,697	8,138,312
Less: Accumulated Depreciation	(7,685,455)	(5,519,697)
Total Capital Assets (Net of Accumulated Depreciation)	19,359,242	2,618,615
Total Assets	20,566,853	8,471,633
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities (Payable from Current Assets):		
Accounts Payable	660,581	34,480
Due to Other Funds	61,534	9,774
Interfund Payables	119,673	--
Accrued Salaries and Wages	2,006	82,700
Accrued Compensated Absences	1,764	--
Current Portion of Long-Term Debt	--	60,587
Unsettled Claims - Property Casualty Losses	--	143,677
Unsettled Claims - Worker's Compensation	--	94,815
Total Current Liabilities (Payable from Current Assets)	845,558	426,033
Current Liabilities (Payable from Restricted Assets):		
Current Portion of Long-Term Debt	195,000	--
Accrued Interest Payable	25,427	--
Total Current Liabilities (Payable from Restricted Assets)	220,427	--
Long-Term Debt:		
Bonds, Contracts, Leases and Notes Payable (Net of Deferred Amount on Refunding)	3,218,269	175,285
Less: Current Portion	(195,000)	(60,587)
Total Long-Term Debt	3,023,269	114,698
Total Liabilities	4,089,254	540,731
Net Assets:		
Invested in Capital Assets, Net of Related Debt	16,140,973	2,443,330
Restricted for Debt Service	32,666	--
Restricted for Construction	16,676	--
Unrestricted	287,284	5,487,572
Total Net Assets	16,477,599	\$ 7,930,902
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	1,765	
Net assets of business-type activities	\$ 16,479,364	

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Water Sales	\$ 2,344,626	\$ --
Sewage Disposal	3,819,412	--
Installment Charges	8,000	--
Charges for Services	--	6,879,241
Debt Service	32,600	--
Penalties	106,773	--
Other	62,738	25,823
Total Operating Revenues	<u>6,374,149</u>	<u>6,905,064</u>
Operating Expenses:		
Water Purchased	1,032,582	--
Sewage Disposal	2,070,891	--
Administration and Meter Shop	445,429	--
Salaries and Benefits	--	2,563,403
Materials and Supplies	--	310,849
Professional Services	--	108,014
Transportation	--	16,542
Payment and Claims	--	1,285,176
Service and Maintenance	1,708,796	184,848
Insurance and Bonds	--	1,836,308
Depreciation	620,449	583,645
Other	--	2,761
Total Operating Expenses	<u>5,878,147</u>	<u>6,891,546</u>
Operating Income	<u>496,002</u>	<u>13,518</u>
Non-Operating Revenues/(Expenses):		
Interest Income	25,421	5,383
Interest and Paying Agent Fees Expense	(117,364)	(9,124)
Gains/(Loss) from Sale of Fixed Assets	--	(23,294)
Total Non-Operating Revenues/(Expenses)	<u>(91,943)</u>	<u>(27,035)</u>
Income/(Loss) Before Transfers	<u>404,059</u>	<u>(13,517)</u>
Transfers In	<u>--</u>	<u>108,657</u>
Change in Net Assets	<u>404,059</u>	<u>95,140</u>
Total Net Assets, Beginning of Year	<u>16,073,540</u>	<u>7,835,762</u>
Total Net Assets, End of Year	<u>\$ 16,477,599</u>	<u>\$ 7,930,902</u>
Change in Net Assets	\$ 404,059	
Some amounts reported for business-type activities are different because the net (expenses) of certain internal service funds are reported with business-type activities.	(2,253)	
Change in Net Assets - Business-Type activities	<u>\$ 401,806</u>	

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Fund</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 6,112,697	\$ --
Cash Received from Interfund Services	--	6,791,779
Cash Payments to Suppliers for Goods and Services	(4,702,936)	(3,572,208)
Cash Payments to Employees for Services	(1,129,548)	(2,546,160)
Other Operating Receipts	210,111	--
Net Cash Provided by Operating Activities	<u>490,324</u>	<u>673,411</u>
Cash Flows Used for Non-Capital Financing Activities:		
Contribution from Other Funds	--	100,000
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(199,771)	(313,862)
Principal Paid on Revenue Bonds and Contracts	(181,731)	(46,748)
Interest Paid on Revenue Bonds and Contracts	(132,093)	(9,522)
Proceeds from Sale of Fixed Assets	--	2,519
Capital Returned to Federal Sources	(1,094)	--
Net Cash Used for Capital and Related Financing Activities	<u>(514,689)</u>	<u>(367,613)</u>
Cash Flows from Investing Activities:		
Proceeds from Investment Securities	--	633,991
Interest on Investments	25,421	5,383
Net Cash Provided by Investing Activities	<u>25,421</u>	<u>639,374</u>
Net Increase in Cash and Cash Equivalents	1,056	1,045,172
Cash and Cash Equivalents at Beginning of Year (Including \$268,713 in restricted accounts)	<u>268,713</u>	<u>3,608,638</u>
Cash and Cash Equivalents at End of Year (Including \$269,769 in restricted accounts)	<u>\$ 269,769</u>	<u>\$ 4,653,810</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 496,002	\$ 13,518
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	620,449	583,645
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(51,341)	8,297
Decrease in Inventory	--	630
Decrease in Due from Employees	--	2,218
(Increase) in Due from Other Funds	--	(123,800)
(Increase)/Decrease in Prepaid Expense	(811)	14,639
Increase in Accounts Payable	59,875	9,014
(Decrease) in Due to Other Funds	(611,405)	(29,363)
Increase/(Decrease) in Accrued Salaries and Wages	(23,018)	17,243
Increase in Accrued Compensated Absences	573	--
Increase in Unsettled Claims - Property Casualty Losses	--	83,421
Increase in Unsettled Claims - Workers Compensation	--	93,949
Total Adjustments	<u>(5,678)</u>	<u>659,893</u>
Net Cash Provided by Operating Activities	<u>\$ 490,324</u>	<u>\$ 673,411</u>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2004

	Pension and Other Employee Benefits <u>Trust Fund</u>	Agency <u>Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,551,466	\$ 10,390	\$ 6,561,856
Investments	52,157,303	--	52,157,303
Accounts Receivable	--	63,233	63,233
Interest/Dividend Receivable	249,965	--	249,965
Taxes Receivable - Delinquent	--	901,854	901,854
	<hr/>	<hr/>	<hr/>
Total Assets	58,958,734	975,477	59,934,211
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts Payable	111,321	495	111,816
Due to Other Governments	--	968,178	968,178
Refunds Due to Taxpayers	--	6,804	6,804
Total Liabilities	<hr/> 111,321	<hr/> 975,477	<hr/> 1,086,798
Net Assets:			
Restricted for:			
General Employee Contributions	3,807,188	--	3,807,188
Police and Fire Employees Contributions	3,346,180	--	3,346,180
Employer Contributions - General Employees	14,889,743	--	14,889,743
Employer Contributions - Police and Fire Employees	20,258,808	--	20,258,808
Member Annuity	49,151	--	49,151
Retirement Benefit Payments	15,360,450	--	15,360,450
Health Care Payments	1,135,893	--	1,135,893
	<hr/>	<hr/>	<hr/>
Net Assets held in trust for Pension and Other Employee Benefits	\$ 58,847,413	\$ --	\$ 58,847,413

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Pension and Other Employee Benefits Trust Fund</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,315,422
Employee	604,762
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	5,705,507
Interest and Dividends	1,321,454
Investment Administration Fees	(431,626)
Total Additions	<u>8,515,519</u>
<b>Deductions:</b>	
Benefits	(3,784,433)
Refunds	(30,407)
Total Deductions	<u>(3,814,840)</u>
Net Increase	<u>4,700,679</u>
Net Assets at Beginning of Year	<u>54,146,734</u>
Net Assets at End of Year	<u>\$ 58,847,413</u>

The accompanying notes are an integral part of this statement.

CITY OF WAYNE, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF WAYNE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
(PAGE 1 OF 32)

**Note 1 Summary of Significant Accounting Policies**

The City of Wayne was incorporated as a village on April 12, 1869. It was incorporated as a City on August 5, 1958, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and district court), highways and streets, culture-recreation, community development, water and sewage system and general and administrative services.

The financial statements of the City of Wayne (government) have been prepared with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant GASB pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**1.A. Financial Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the City of Wayne, Michigan and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City. The discretely presented component units, on the other hand, are reported in a separate column in the government wide financial statements to emphasize that they are legally separate from the City.

*Blended Component Units:*

City of Wayne Building Authority - The City of Wayne Building Authority's (the Authority) Governing Board is appointed by the City Council which has the ability to significantly influence operations. The City approves the Authority budget, has responsibility to fund deficits, and surplus funds existing at the termination of the Authority vest to the City. The City has significant fiscal management responsibility and legal liability for the Authority's debt remains with the City. The Authority is presented as a governmental fund type with a fiscal year end of June 30.

*Discretely Presented Component Units:*

City of Wayne Downtown Development Authority - The City of Wayne Downtown Development Authority's (DDA) Governing Board is appointed by the City Council which has the ability to significantly influence operations. The City approves the DDA budget, has responsibility to fund deficits, and has significant fiscal management responsibility. The DDA is presented as a governmental fund type with a fiscal year end of June 30. The City had significant transactions with the DDA, in that the DDA contributed \$4,259,224 to the City's governmental funds to help cover the DDA district's share of operating expenditures for the fiscal year, of which \$379,957 was for bond payments on the new fire station, a DDA project.

CITY OF WAYNE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
(PAGE 2 OF 32)

**Note 1 Summary of Significant Accounting Policies - *continued***

**1.A. Financial Reporting Entity - *continued***

City of Wayne Parks and Recreation Foundation - The City of Wayne Parks and Recreation Foundation's Governing Board is appointed by the City Council which has the ability to significantly influence operations. The City approves the Parks and Recreation Foundation budget, has responsibility to fund deficits and has significant fiscal management responsibility. However, this component unit was inactive for fiscal year end June 30, 2004, therefore, no financial information is presented

City of Wayne Housing Commission - The City of Wayne Housing Commission operates within the geographic boundaries of the City and for the benefit of the City's residents. The Wayne Housing Commission members are appointed by the City Council which has the ability to significantly influence operations. The Commission is presented as a business-type activity which has a December 31, year end. Complete financial statements of the Wayne Housing Commission can be obtained at the entity's administrative office: Wayne Housing Commission, 4001 S. Wayne Road, Wayne, MI 48184.

The Economic Development Corporation of the City of Wayne - The Economic Development Corporation of the City of Wayne operates within the geographic boundaries of the City for the benefit of the City's residents. The members of the board of directors of the Economic Development Corporation are appointed by the Mayor subject to City Council approval. However, this component unit has been inactive for several years, therefore, no financial information is presented.

**1.B. Basis of Presentation**

Basic Financial Statements-Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general government, district court, public safety, public services, highway and streets, recreation and culture, other functions and the major component unit - DDA are classified as governmental activities. The City's water and sewer services and nonmajor component unit, Wayne Housing Commission, are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (General Government, Public Safety, etc.) and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (General Government, Public Safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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**Note 1 Summary of Significant Accounting Policies - *continued***

**1.B. Basis of Presentation - *continued***

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, legal, technology management, etc.). This is eliminated like a reimbursement (reducing the revenue and expense in the General Fund).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

**Basic Financial Statements - Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements as follows:

**(1) Governmental Funds:**

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- d. **Capital project funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- e. **Permanent fund** is used for assets held by the City pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings are used to achieve the objective of the fund.

**(2) Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

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**Note 1 Summary of Significant Accounting Policies - continued**

**1.B. Basis of Presentation - continued**

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues or (b) establishes fees and charges based on a pricing policy designed to recover similar costs.
- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis.

(3) **Fiduciary Funds (Not included in government-wide statements):**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support City programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City reports General Fund and Building Authority Fund as major funds. The Building Authority Fund is used to account for construction projects under its authority which included the new fire station and police station during the current year. The City also treated the Major and Local Street Funds as major funds, as required by the State of Michigan. The component unit Downtown Development Authority is a major fund and reports the activities of various City improvement projects.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, etc.).

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension and other employee benefits and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

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**Note 1 Summary of Significant Accounting Policies - *continued***

**1.C. Measurement Focus and Basis of Accounting - *continued***

**(1) Measurement Focus**

On the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues, and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- (b) All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**(2) Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**(a) Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**(b) Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions in such method from the modified accrual basis are as follows:

- a. Interest income on special assessments receivable is not accrued until its due date.
- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- c. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.

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**Note 1 Summary of Significant Accounting Policies - *continued***

**1.D. Assets, Liabilities and Equity**

Cash and Investments

For the purpose of the Statement of Net Assets, cash and cash equivalents include amounts on deposit as well as short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less from the date of acquisition that can be readily converted to cash to be cash equivalents

Investment income revenues associated with General Debt Service Funds, Permanent Fund, Internal Service Fund - Administrative Service Fund and Payroll Agency Fund are administratively assigned and transferred to the General Fund.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement system not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note 3.A.

Pooled Investment Fund

The City maintains a pooled investment fund for all funds other than the Pension Trust Fund. As of June 30, 2004, the pooled investment funds totaled \$15,270,276.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". See Notes 3.G. and 3.H. for details of interfund transactions, including receivables and payables at year end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, state shared revenues, and fire rescue services. Business-type activities report utilities earnings as their major receivables.

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**Note 1 Summary of Significant Accounting Policies - *continued***

**1.D. Assets, Liabilities and Equity - *continued***

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned if paid within 60 days since they would be considered both measurable and available

Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items.

Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

*Government-Wide Statements*

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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**Note 1 Summary of Significant Accounting Policies - *continued***

**1.D. Assets, Liabilities and Equity - *continued***

Buildings	40-50 years
Improvements	20-25 years
Machinery and Equipment	10-25 years
Utility System	25-66 years
Infrastructure	25-40 years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

The accounting treatment of long-term debt, which consists primarily of bonds payable, notes payable, and accrued compensated absences, depends on whether the obligation is incurred in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities on the Statement of Net Assets in the government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service. An employee's account is credited for vacation time on January 1 based on time worked in the previous calendar year and must be used prior to the next January 1. Upon termination employees are paid for all unused leave. Sick leave is accumulated at the rate of one day per month of employment for all employees. Unused sick leave accumulates year to year to an unlimited amount. Five-eighths of unused accumulated sick leave is paid to full time employees with 10 or 15 years of service based on individual contracts; court employees hired prior to 1987 receive 100% payment of sick leave. For all City employees, except fire and Police Officers Association of Michigan (POAM) employees, the accumulated sick leave payments are calculated based on the rate of pay in effect at the time of termination. Fire employees and POAM accumulated leave is based upon average fixed pay (POAM minimum of 60 days).

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**Note 1 Summary of Significant Accounting Policies - continued**

**1.D. Assets, Liabilities and Equity - continued**

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on historical trends. In the fund financial statements, governmental funds, vested vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the applicable governmental fund. Vested vacation leave and vested and accumulated sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Equity Classifications

*Government-Wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide financial statements. See Note 3.I. for additional disclosures.

**1.E. Revenues, Expenditures and Expenses**

Property Taxes

Property taxes are levied each July 1 (100% city taxes and 100% school taxes including WCRESA) and December 1 (county taxes) and are payable on or before October 1 and February 14, respectively, without penalty. These taxes become liens against the property on December 31 of the previous year. After February 28, all unpaid taxes are declared delinquent with the City continuing to collect all Act 198 taxes and ad valorem personal property taxes. Ad valorem real property taxes are turned over to the county treasurer who assumes responsibility for their collection and immediately, upon settlement, reimburses the City from the county revolving tax fund. The City collects its own property tax and also taxes for other entities including the county and school districts which are within the City. Collections and remittances of the taxes to those entities are accounted for in the current and delinquent tax collection funds. The City tax levy for the 2003 roll was as follows:

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**Note 1 Summary of Significant Accounting Policies - continued**

**1.E. Revenues, Expenditures and Expenses - continued**

General Obligation	14.5365 mills
Retirement System	0.9620 mills
Recreation	0.9999 mills
Act 298 Refuse Collection	1.6717 mills
Library Fund (Act 164)	0.9999 mills
Debt Service	0.7000 mills
	_____
Total	19.8700 mills

Program Revenues

Program revenues reported within the Statement of Activities include license and fees, ordinance fines and costs, bond forfeitures and other court costs, building, electrical and other permits, state shared revenue, state and federal grants, recreation rentals and fees, and 911 service fees.

Operating Revenues and Expenses

Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the government's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by functions)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources and proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

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**Note 2 Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Page 32 includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds". The details of this difference are as follows:

Bonds Payable	\$ 21,910,000
Notes Payable	482,466
Accrued Interest Payable	260,148
Capital Leases Payable	6,441
Compensated Absences	2,605,604
Deferred Charges - Unamortized Discount on Bond Proceeds	(150,283)
Deferred Revenue - Noncurrent Financial Resources	(6,108)
Less Notes Payable and Capital Leases Payable in Internal Service Fund	(175,285)
Net Adjustment	\$ 24,932,983

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$ 6,977,819
Depreciation	(1,086,139)
Net Adjustment	\$ 5,891,680

**Note 3 Detail Notes on Transaction Classes / Accounts**

**3.A. Cash and Investments**

For additional descriptive information, see Note 1.D.

Deposits

At June 30, 2004, the City of Wayne's carrying amount of deposits was \$16,883,668, of which \$6,561,856 was held for fiduciary funds. The bank balance was \$17,383,794 and can not be reasonably apportioned between the primary government and fiduciary funds because of the significant portion held in pooled deposits. Of the bank balance, \$160,707 was covered by federal depository insurance and \$17,223,087 was uninsured and uncollateralized.

The carrying amount of deposits and the bank balance for the City of Wayne Downtown Development Authority, a discretely presented component unit, was \$2,403,318 of which \$100,000 was covered by federal depository insurance and \$1,403,318 was uninsured and uncollateralized.

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.A. Cash and Investments - continued**

The carrying amount of deposits and bank balance for the City of Wayne Housing Commission, a discretely presented component unit, was \$108,621 which was totally covered by federal depository insurance.

At June 30, 2004, investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Pooled Investment Fund:		
Mutual Funds	Not Applicable	\$ 2,517,706
Non-Pooled Investments:		
Fiduciary Funds - Pension Trust Fund		
U.S. Government Securities	07/15/04-12/01/28	6,055,448
Corporate Bonds	05/15/05-11/15/26	12,785,876
Common Stocks	Not Applicable	20,825,151
Mutual Funds	Not Applicable	11,491,677
Total Fiduciary Funds - Pension Trust Fund		<u>51,158,152</u>
Fiduciary Funds - Employee Health Care Fund		
U.S. Government Securities	05/15/05-04/01/34	236,706
Common Stocks	Not Applicable	762,445
Total Fiduciary Funds - Employee Health Care Fund		<u>999,151</u>
Total Non-Pooled Investments		<u>52,157,303</u>
Total Investment		<u>\$ 54,675,009</u>

The pooled investment fund mutual fund is allocated between the primary government, fiduciary funds and component units. The respective shares are \$2,257,537 to the primary government and \$260,169 to component units.

Investment pools are under the custody of the City Treasurer. Investing is performed in accordance with investment policies complying with State Statutes, the City Charter, and the City's Investment Policy. Pooled funds for the primary government and all component units may be invested in: (1) direct obligations of the United States government pledged by its full faith and credit, (2) certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the federal deposit insurance corporation or a savings and loan which is a member of the federal savings and loan insurance corporation, or a credit union which is insured by the national credit union administration, but only if the bank, savings and loan or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the PA of 1855 as amended, (3) in U.S. Government or Federal agency obligation repurchase agreements, (4) in bankers' acceptances in domestic branches of U.S. banks, (5) no more than 50% of any one fund may be invested in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase, (6) in money market mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The investment policy of the City has limitations on security issues and issuers including with the exception of U.S. treasury securities and authorized investment pools, no more than 50% of the total portfolio will be invested in a single security or 25% with a single financial institution. The City's investment policy limits the investment portfolio to maturities of less than five years. Furthermore, no more than 40% may be invested in maturities of three to five years.

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.A. Cash and Investments - continued**

The City of Wayne, Michigan Employee Retirement System (ERS) Fund contractually delegates investment management to investment managers who must invest in accordance with the asset limitations under Act 314, as amended. These asset limitations cover domestic equities, mutual funds, annuity investment contracts and investment accounts of life insurance companies, fixed income obligations, real estate, second mortgages, and collective investment/pooled funds

A reconciliation of cash and investments as shown on the Statement of Net Assets for the primary government follows:

Cash on Hand	\$	5,125
Carrying amount of Deposits		10,321,812
Fair Value Amount of Investments		2,257,537
Total	\$	12,584,474
Cash and Cash Equivalents	\$	10,057,168
Cash and Cash Equivalents - Restricted		253,093
Cash with Fiscal Agent - Restricted		16,676
Investment		2,257,537
Total	\$	12,584,474

**3.B. Accounts Receivable and Accounts Payable**

Accounts Receivable

Accounts receivable of the governmental activities as of year end for the City's individual major funds and non-major and internal service funds including the applicable allowance for uncollectible accounts, are as follows:

	General Fund	Major Street Fund	Local Street Fund	Nonmajor and Other Governmental Funds	Total
Receivables					
Taxes	\$ 676,850	\$ --	\$ --	\$ 19,941	\$ 696,791
Accounts	507,901	107	--	22,679	530,687
Special Assessments	--	--	--	6,237	6,237
Intergovernmental	349,399	164,496	51,251	104,680	669,826
Land Contract	--	--	--	125,208	125,208
Gross Receivables	1,534,150	164,603	51,251	278,745	2,028,749
Less: Allowances for Uncollectibles	(431,183)	--	--	(4,985)	(436,168)
Net Accounts Receivable Governmental Activities	\$ 1,102,967	\$ 164,603	\$ 51,251	\$ 273,760	\$ 1,592,581

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.B. Accounts Receivable and Accounts Payable - continued**

Accounts receivable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Taxes Receivable	\$ 129,640
Accounts	715
Customer Accounts	767,973
Gross Receivables	<u>\$ 898,328</u>

No allowance for doubtful accounts has been recorded because unpaid balances are applied to the tax roll each year.

Accounts payable of the governmental activities as of year end for the City's individual major funds and non-major funds (including internal services funds), are as follows:

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Building Authority Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total</u>
Accounts Payable to Vendors	\$ 304,458	\$ 8,999	\$ 6,440	\$ 502,940	\$ 365,881	\$ 1,188,718
Retainage Payable	--	--	--	379,775	8,335	388,110
Accrued Salaries and Wages	463,482	--	--	--	19,786	483,268
Accrued Compensated Absences	272,240	--	--	--	4,052	276,292
Deposits	25,468	--	--	--	--	25,468
	<u>\$ 1,065,648</u>	<u>\$ 8,999</u>	<u>\$ 6,440</u>	<u>\$ 882,715</u>	<u>\$ 398,054</u>	<u>\$ 2,361,856</u>

Accounts payable of the business-type activities consists of:

	<u>Water and Sewer Fund</u>
Accounts Payable to Vendors	\$ 45,700
Due to Other Governmental Units	614,881
Retainage Payable	--
Accrued Salaries and Wages	2,006
Accrued Compensated Absences	1,764
	<u>\$ 664,351</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.C. Capital Assets**

Primary Government

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 4,059,557	\$ 25,374	\$ (72,500)	\$ 4,012,431
Construction-In-Progress	4,203,808	5,750,556	(3,778,261)	6,176,103
Total Capital Assets Not Being Depreciated	<u>8,263,365</u>	<u>5,775,930</u>	<u>(3,850,761)</u>	<u>10,188,534</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	23,614,223	4,826,364	--	28,440,587
Improvements	2,136,259	114,927	--	2,251,186
Machinery and Equipment	7,642,129	370,708	(135,816)	7,877,021
Infrastructure	18,521,350	--	--	18,521,350
Total Capital Assets Being Depreciated	<u>51,913,961</u>	<u>5,311,999</u>	<u>(135,816)</u>	<u>57,090,144</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(6,837,551)	(585,843)	--	(7,423,394)
Improvements	(958,766)	(90,786)	--	(1,049,552)
Machinery and Equipment	(4,983,101)	(577,366)	110,003	(5,450,464)
Infrastructure	(13,141,703)	(415,789)	--	(13,557,492)
Total Accumulated Depreciation	<u>(25,921,121)</u>	<u>(1,669,784)</u>	<u>110,003</u>	<u>(27,480,902)</u>
Total Capital Assets Being Depreciated, Net	<u>25,992,840</u>	<u>3,642,215</u>	<u>(25,813)</u>	<u>29,609,242</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 34,256,205</u>	<u>\$ 9,418,145</u>	<u>\$ (3,876,574)</u>	<u>\$ 39,797,776</u>
<b>Business-type Activities:</b>				
Water and Sewer Mains	\$ 25,097,180	\$ 122,098	\$ --	\$ 25,219,278
Meters	798,143	39,083	(3,868)	833,358
Equipment	455,244	--	--	455,244
Motor Vehicles	536,817	--	--	536,817
Total at Historical Cost	<u>26,887,384</u>	<u>161,181</u>	<u>(3,868)</u>	<u>27,044,697</u>
<b>Less Accumulated Depreciation:</b>				
Water and Sewer Mains	(5,994,428)	(471,556)	--	(6,465,984)
Meters	(352,681)	(37,014)	3,868	(385,827)
Equipment	(384,231)	(39,366)	--	(423,597)
Motor Vehicles	(337,535)	(72,514)	--	(410,049)
Total Accumulated Depreciation	<u>(7,068,875)</u>	<u>(620,450)</u>	<u>3,868</u>	<u>(7,685,457)</u>
Business-type Capital Assets, Net	<u>\$ 19,818,509</u>	<u>\$ (459,269)</u>	<u>\$ --</u>	<u>\$ 19,359,240</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.C. Capital Assets - continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 28,124
District Court	6,800
Public Safety	125,003
Public Services	2,209
Highway and Streets	347,764
Sanitation	68,025
Recreation and Culture	468,025
Other Functions	40,189
Total Depreciation Expense	<u>\$ 1,086,139</u>
Business-type Activities:	
Water and Sewer	<u>\$ 620,450</u>
Internal Service Funds	<u>\$ 583,645</u>

Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets.

Major Discretely Presented Component Units:

Activity for the Downtown Development Authority for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
Capital Assets Not Being Depreciated:				
Land	\$ 529,322	\$ 32,945	\$ --	\$ 562,267
Capital Assets Being Depreciated:				
Buildings	1,432,854	69,400	--	1,502,254
Improvements	2,287,596	252,053	--	2,539,649
Equipment	4,482	--	--	4,482
Infrastructure	1,623,608	64,199	--	1,687,807
Total Capital Assets Being Depreciated	<u>5,348,540</u>	<u>385,652</u>	<u>--</u>	<u>5,734,192</u>
Less Accumulated Depreciation:				
Buildings	586,690	48,824	--	635,514
Improvements	739,443	84,709	--	824,152
Equipment	3,521	640	--	4,161
Infrastructure	280,018	66,228	--	346,246
Total Accumulated Depreciation	<u>1,609,672</u>	<u>200,401</u>	<u>--</u>	<u>1,810,073</u>
Total Capital Assets Being Depreciated, Net	<u>3,738,868</u>	<u>185,251</u>	<u>--</u>	<u>3,924,119</u>
Downtown Development Authority Capital Assets, Net	<u>\$ 4,268,190</u>	<u>\$ 218,196</u>	<u>\$ --</u>	<u>\$ 4,486,386</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.C. Capital Assets - continued**

Activity for the Wayne Housing Commission for the year ended December 31, 2003, was as follows:

	Balance January 1, <u>2003</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2003</u>
Capital Assets Not Being Depreciated				
Land	\$ 58,641	\$ --	\$ --	\$ 58,641
Capital Assets Being Depreciated				
Buildings	1,144,839	--	--	1,144,839
Furniture and Equipment - Dwelling	40,112	--	--	40,112
Furniture and Equipment - Admin.	72,148	5,174	--	77,322
Leasehold Improvements	1,681,092	62,866	--	1,743,958
Total Capital Assets Being Depreciated	2,938,191	68,040	--	3,006,231
Less Accumulated Depreciation	1,919,953	119,335	--	2,039,288
Total Capital Assets Being Depreciated, Net	1,018,238	(51,295)	--	966,943
Total Wayne Housing Commission Capital Assets, Net	<u>\$ 1,076,879</u>	<u>\$ (51,295)</u>	<u>\$ --</u>	<u>\$ 1,025,584</u>

**3.D. Capital Leases**

The City has entered into two lease agreements as lessee for financing the acquisition of photocopy equipment with a down payment of \$717. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired are as follows:

	Governmental <u>Activities</u>
Office Equipment	\$ 22,030
Less: Accumulated Depreciation	(8,812)
Net	<u>\$ 13,218</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, are as follows:

Total Minimum Lease Payments June 30, 2004	\$ 7,057
Less Amount Representing Interest	(616)
Present Value of Minimum Lease Payments	<u>\$ 6,441</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.E. Long-Term Debt**

General Obligation Bonds - The government issued general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities:		
General Government	3.00% - 8.0%	\$ 21,910,000
Business-type Activities:		
Proprietary - Water and Sewer System	2.25% - 8.0%	3,380,000
		<u>\$ 25,290,000</u>

Included in the general government general obligation bonds is one issue that is primarily payable by special assessments to property owners. All special assessments have been levied as of June 30, 2004. Also included are bonds payable from revenues to be derived by the City from State-collected taxes returned to the City of Wayne for highway and road purposes. As additional security, the City of Wayne has pledged its limited tax full faith and credit for the prompt payment of principal and interest on the bonds. At June 30, 2004, the outstanding bonds on this issue totaled \$75,000 of principal and \$2,100 of interest.

Included in long-term debt is accrued compensated absences. The Risk Management Fund - Internal Service Fund is typically used to fund payouts of accumulated compensated absences. The funds for payment of the benefits are generated mostly through charges to the General Fund.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$13,245,790 are as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
2005	\$ 1,702,864	\$ 295,462	\$ 1,998,326
2006	1,617,698	321,918	1,939,616
2007	1,668,358	332,169	2,000,527
2008	1,696,348	331,712	2,028,060
2009	1,682,628	315,351	1,997,979
2010 - 2014	8,268,890	1,700,695	9,969,585
2015 - 2019	8,188,572	855,364	9,043,936
2020 - 2024	5,740,437	--	5,740,437
2025 - 2028	3,818,324	--	3,818,324
Total	<u>\$ 34,384,119</u>	<u>\$ 4,152,671</u>	<u>\$ 38,536,790</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.E. Long-Term Debt - continued**

The City's general obligation bonds are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities as follows:

**Governmental Activities:**

As of June 30, 2004, the governmental long-term debt of the financial reporting entity consisted of the following:

	<u>Current Portion</u>	<u>Long-Term Debt</u>
\$400,000 Michigan Dept. of Transportation Fund bonds dated October 1, 1994. Interest rate of 5.6% with final maturity on October 1, 2004.	\$ 75,000	\$ --
\$4,900,000 bond issue dated February 1, 1995 for the Aquatic Center. Interest rate from 6.0% to 6.1% with final maturity on October 1, 2005.	150,000	150,000
\$1,475,000 bond issue dated March 1, 1996 for the Aquatic Center and Senior Center. Interest rate from 5.1% to 5.35% with final maturity on October 1, 2010.	100,000	900,000
\$4,465,000 Refunding Bonds issue dated October 30, 1997. Interest rate from 4.45% to 5.25% with final maturity on October 1, 2019.	35,000	4,240,000
\$1,800,000 bond issue dated December 1, 1998 for the Community Center renovation. Interest rate from 4.5% to 4.9% with final maturity on October 1, 2018.	75,000	1,500,000
\$1,500,000 bond issue dated April 1, 2001 for the interim fire/DPW building. Interest rate from 4.0% to 5.25% with final maturity on October 1, 2020.	25,000	1,450,000
\$5,935,000 bond issue dated April 1, 2002 for the interim fire/DPW building (\$735,000) and for the new fire station (\$5,200,000). Interest rate from 4.5% to 7.5% with final maturity on October 1, 2026.	125,000	5,685,000
\$7,500,000 bond issue dated April 1, 2003 for the new police facility. Interest rate from 3.0% to 4.5% with a final maturity on October 1, 2027.	100,000	7,300,000
Total Governmental Activities General Obligation Bonds Payable	<u>\$ 685,000</u>	<u>\$ 21,225,000</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.E. Long-Term Debt - continued**

Business-type Activities:

At June 30, 2004, the long-term debt payable from the proprietary fund resources consisted of the following:

General Obligation Bonds:

\$225,796 bond issue dated September 28, 1995. Interest rate of 2.25% with final maturity on October 1, 2016.	\$ 10,000	\$ 170,000
\$1,950,000 bond issue dated May 1, 1997. Refunded with 2003 Bonds, except \$75,000 final payment due on October 1, 2004.	75,000	--
\$604,829 bond issue dated June 26, 1997. Interest rate of 2.25% with final maturity on October 1, 2016.	25,000	380,000
\$2,720,000 bond issue dated November 13, 2003. Interest rate from 2.00% to 4.125% with final maturity on October 1, 2016.	85,000	2,635,000
Total Business-type Activities	\$ 195,000	\$ 3,185,000

Equipment Notes Payable - Governmental Activities -

	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$913,363 equipment note payable dated May 1, 2000 for an 800 MHz communication system at an interest rate of 4.72%.	\$ 153,104	\$ 160,518
\$95,723 equipment note payable dated May 1, 2002 for phone systems at an interest rate of 4.09%.	18,730	50,282
\$133,000 serial bonds payable dated April 1, 2002 for a medical vehicle at an interest rate of 3.7%.	27,000	56,000
\$25,247 note payable dated January 5, 2004 for a vehicle at an interest rate of 7.35%	8,416	8,416
Total Equipment Notes Payable	\$ 207,250	\$ 275,216

Annual debt service requirements to maturity on the equipment notes payable, including interest of \$31,259, are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2005	\$ 226,532
2006	225,553
2007	50,958
2008	10,682
2009	--
Total	\$ 513,725

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.E. Long-Term Debt - continued**

The following is a summary of changes in long-term debt for the year ended June 30, 2004:

	Balance July 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2004</u>	Amount Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 22,515,000	\$ --	\$ (605,000)	\$ 21,910,000	\$ 685,000
Capital Lease	12,401	--	(5,960)	6,441	6,441
Notes Payable	655,604	25,247	(198,385)	482,466	207,250
Total Bonds and Notes Payable	<u>23,183,005</u>	<u>25,247</u>	<u>(809,345)</u>	<u>22,398,907</u>	<u>898,691</u>
Other Liabilities					
Accrued Compensated Absences	2,400,049	205,555	--	2,605,604	276,300
Total Governmental Activities Long Term Liabilities	<u>\$ 25,583,054</u>	<u>\$ 230,802</u>	<u>\$ (809,345)</u>	<u>\$ 25,004,511</u>	<u>\$ 1,174,991</u>
<b>Business-type Activities:</b>					
General Obligation Bonds	<u>\$ 3,400,000</u>	<u>\$ 2,720,000</u>	<u>\$ (2,740,000)</u>	<u>\$ 3,380,000</u>	<u>\$ 195,000</u>

Annual debt service requirements to maturity, including principal and interest for long-term debt as of June 30, 2004, are as follows:

Year Ended	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Equipment Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 685,000	\$ 1,017,864	\$ 207,250	\$ 19,283	\$ 195,000	\$ 100,462
2006	635,000	982,698	215,438	10,114	225,000	96,918
2007	720,000	948,358	49,310	1,648	240,000	92,169
2008	785,000	911,348	10,468	214	245,000	86,712
2009	810,000	871,628	--	--	235,000	80,351
2010-2014	4,590,000	3,678,890	--	--	1,425,000	275,695
2015-2019	5,665,000	2,523,572	--	--	815,000	40,364
2020-2024	4,495,000	1,245,437	--	--	--	--
2025-2028	3,525,000	293,324	--	--	--	--
	<u>\$ 21,910,000</u>	<u>\$ 12,473,119</u>	<u>\$ 482,466</u>	<u>\$ 31,259</u>	<u>\$ 3,380,000</u>	<u>\$ 772,671</u>

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.E. Long-Term Debt - continued**

Advance Refunding

On November 13, 2003, the City issued \$2,720,000 Water Supply and Sewage Disposal System General Obligation Limited Tax Refunding Bonds, Series 2003 with interest rates of from 2.0% through 4.125% for the purpose of advance refunding the Water Supply and Sewage General Obligation Limited Tax Bonds dated November 1, 1995, Series 1995B with interest rates of 5.0% to 5.8% and the Water Supply and Sewage General Obligation Limited Tax Bonds dated May 1, 1997, Series 1997A with interest rates of 5.1% to 5.125%. Proceeds from the advance refunding of \$2,619,292 (\$2,720,000 less a discount of \$23,762 and cost of \$76,946) along with \$68,258 from the Water and Sewer Fund were deposited with an escrow agent to pay principal and interest on the 1995 and 1997 refunded bonds. As a result, as of June 30, 2004, the 1995 and 1997 bond issues are considered defeased and the city has removed the liability from its accounts, except for \$75,000 from the 1997 bond issue which is payable on October 1, 2004 by the City. On April 1, 2004, the fiscal agent early called all of the defeased 1995 issue. On October 1, 2004, the fiscal agent will early call all of the defeased 1997 issue. The reacquisition price exceeded the net carrying amount of the old debt by \$145,000. This amount will be netted against the new debt and amortized over the remaining life. This advanced refunding was undertaken to reduce total debt service payments over the next 13 years by \$144,952 and resulted in an economic gain of \$118,274.

**3.F. Prior Year's Defeasance of Debt**

In prior years, the City defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. Government securities that were placed in a trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the City's governmental activities long-term liabilities. As of June 30, 2004, the amount of defeased debt outstanding is as follows:

1995 Building Authority Aquatic Center Bonds	\$ 3,900,000
1997 Water and Sewage Bonds	\$ 1,475,000

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.G. Interfund Transactions and Balances**

Transfers

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund		
Local Street Fund	\$ --	\$ 200,000
Building Authority Fund	--	828,350
Nonmajor Governmental	375,332	13,568
Internal Service Funds	--	100,000
Total General Fund	<u>375,332</u>	<u>1,141,918</u>
Major Street Fund		
Local Street Fund	--	291,115
Local Street Fund		
General Fund	200,000	--
Major Street Fund	291,115	--
Total Local Street Fund	<u>491,115</u>	<u>--</u>
Building Authority Fund		
General Fund	828,350	--
Nonmajor Governmental	--	1,208,308
Total Building Authority	<u>828,350</u>	<u>1,208,308</u>
Nonmajor Governmental Funds		
General Fund	13,568	375,332
Building Authority Fund	1,208,308	--
Nonmajor Governmental	30,000	30,000
Water and Sewer Fund	--	--
Internal Service Funds	--	8,657
Total Nonmajor Governmental Funds	<u>1,251,876</u>	<u>413,989</u>
Internal Service Funds		
General Fund	100,000	--
Nonmajor Governmental Funds	8,657	--
Total Internal Service Funds	<u>108,657</u>	<u>--</u>
Total	<u>\$ 3,055,330</u>	<u>\$ 3,055,330</u>

An explanation of the significant interfund transactions follows:

The General Fund transferred \$828,350 to the Building Authority Fund to cover principal and interest payments on Building Authority bonds. The Building Authority in turn transferred the funds to the General Debt Service Funds to make the payments.

There were several transfers to the General Fund from Nonmajor Governmental Funds totaling \$375,332. The more significant transfers were from the 911 Service Fund (\$130,068) which collects 911 fees from the State and remits same to the General Fund to cover police department costs for the service; from the Federal Grant Fund (\$193,813) to reimburse General Fund for expenditures on Federal Grant Projects; and from the General Projects Fund (\$42,840) to reimburse the general fund for expenditures on Community Development Block Grant projects.

The Major Street Fund transferred \$290,400 to the Local Street Fund as an allowed reallocation of State revenue dedicated to highways and streets.

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.H. Interfund Assets/Liabilities**

The composition of interfund balances in the fund financial statements as of June 30, 2004, is as follows:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
Major Funds		
General Fund	Non Major Governmental	\$ 38,927
Local Street Fund	Major Street Fund	<u>32,460</u>
Business Type Activities		
Internal Service Fund -		
DPW Services Fund	General Fund	10,577
DPW Services Fund	Major Street Fund	2,539
DPW Services Fund	Local Street Fund	37,722
DPW Services Fund	Non-Major Governmental Fund - (Refuse Fund)	1,654
DPW Services Fund	Water and Sewer Fund	61,534
DPW Services Fund	DPW Equipment Rental Fund	9,774
		<u>123,800</u>
		<u>\$ 195,187</u>

Interfund Receivable/Payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
Major Funds		
General Fund	Water and Sewer Fund	\$ 119,673
Business Type Activities		
Water and Sewer Fund	Non-Major Governmental Fund - (Capital Projects Fund)	38,589
		<u>\$ 158,262</u>

Due to/from other funds are related to payments in transit for goods or service provided through other funds. All interfund payables/receivables are generated from the pooled investment fund as short-term loans when there is a temporary lag in a particular funds cash

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**Note 3 Detail Notes on Transaction Classes / Accounts - continued**

**3.I. Restricted Net Assets/Reserved Fund Balance**

Restricted Net Assets - Other Purposes

In the government-wide financial statements, the restricted net assets - other purposes on the Statement of Net Assets is as follows:

Governmental Activities	
Police DARE and Drug Forfeiture	\$ 155,900
<hr/>	
Business-type Activities	
Federal Grant Funds with Fiscal Agent for North Huron Valley/Rouge Valley Project	\$ 16,676
<hr/>	

Reserved fund balances in the fund financial statements - governmental funds are reserved for the following uses:

Reserve for: Prepaid Items	\$ 45,793
Police	155,900
Debt Service	161,502
Cemetery Perpetual Care	289,360
Historical Museum	22,978
	<hr/>
	\$ 675,533
	<hr/>

Reserved Fund Balance - Police

Michigan Law allows law enforcement agencies to retain proceeds from the seizure of contraband. The law further provides that these funds shall be used solely to enhance law enforcement efforts in this area.

When restricted resources are available for incurred expenditures, the City uses the restricted resources first. Only after restricted assets have been depleted, will the City utilize unrestricted assets.

**Note 4 Other Notes**

**4.A. Contract Commitments**

The City of Wayne has entered into contracts for the purchase, construction or renovation of various facilities as follows:

	<u>Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
<u>Primary Government</u>			
Combined Sewer Overflow - CSO	\$ 220,000	\$ 159,278	\$ 60,722
Water and Sewer Replacement Phase IV	212,000	--	212,000
Interim Fire Station/DPW	2,260,320	2,247,820	12,500
New Fire Station	5,231,817	5,219,317	12,500
Atwood Park	8,000	7,519	481
CMI/NPS Grant	343,654	216,174	127,480
New Police Facility	7,631,768	6,611,681	1,020,087
	<hr/>	<hr/>	<hr/>
	\$ 15,907,559	\$ 14,461,789	\$ 1,445,770
	<hr/>	<hr/>	<hr/>

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**Note 4 Other Notes - continued**

**4.A. Contract Commitments - continued**

<u>Downtown Development Authority</u>	<u>Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
<u>Component Unit</u>			
Streetscape Phase IV	\$ 257,098	\$ 232,215	\$ 24,883
Streetscape Phase V	259,262	220,810	38,452
Parking Lot #3	979,357	964,357	15,000
Demolition	28,450	22,000	6,450
Street Lighting 2003	14,822	5,933	8,889
State Remodeling	8,500	6,500	2,000
	<u>\$ 1,547,489</u>	<u>\$ 1,451,815</u>	<u>\$ 95,674</u>

**4.B. Risk Management - Insurance**

Description

The City's risk management activities are recorded in the Risk Management Internal Service Fund. The purpose of this fund is to administer property casualty and workers' compensation programs of the City. This fund accounts for the risk financing activities of the City but does not constitute a transfer of risk from the City.

For self-insured programs there have been no significant reductions in insurance coverage. Settlement amounts exceeding insurance coverage for the past three fiscal years are as follows:

Year Ending	<u>Excess</u>
<u>June 30,</u> 2004	None
2003	None
2002	None

Claim costs are assumed within certain limits; beyond that reinsurance has been

- (1) Property Casualty Claims - The City is an individual member of the Michigan Municipal Risk Management Authority, which is a self-insurance program for general liability and auto liability, motor vehicle physical damage and property loss claims. Coverage is on an occurrence basis. The program provides reinsurance, which is partially underwritten by the Authority itself, in the following amounts:

<u>Nature of Claim</u>	<u>Retention *</u>	<u>Limits of Reinsurance</u>
General and auto liability	\$75,000 per occurrence	\$10,000,000 per occurrence
Auto physical damage	\$15,000 each vehicle; \$30,000 any one occurrence	\$300,000 each vehicle; \$650,000 any one occurrence
Property	\$1,000 plus 10 percent of the next \$100,000	Replacement cost per location (Building and contents)

\* Retention amounts represent the dollar amount that the City pays before reinsurance coverage begins.

CITY OF WAYNE, MICHIGAN  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2004  
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Note 4 Other Notes - *continued*

4.B. Risk Management - Insurance - *continued*

In addition to losses retained, the City is responsible for certain legal defense costs. The City has elected to participate in the Authority's stop-loss program that limited the paid losses to \$75,000, to a maximum of \$249,000 for the year ending June 30, 2004.

The estimated liability for reported claims has been recorded in the Risk Management Internal Service Fund. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City.

Changes in the balance of claims liabilities for property casualty during the current and prior year are as follows:

	June 30, <u>2004</u>	June 30, <u>2003</u>
Beginning of Fiscal Year Liability	\$ 58,783	\$ 18,995
Current Year Claims and Changes in Estimates	(90,209)	(127,327)
Claim Payments	173,630	167,115
End of Fiscal Year Liability	<u>\$ 142,204</u>	<u>\$ 58,783</u>

- (2) Worker's Compensation Claims - The City is an approved Self-Insurer by the State of Michigan Department of Labor. In accordance with State regulations, the City maintains a loss fund, hires a third party administrator and purchases reinsurance from an approved reinsurer. That policy provides the following excess indemnity coverage:

<u>Coverage</u>	<u>Retention</u>	<u>Limits of Reinsurance</u>
Specific	\$300,000 per occurrence	\$5,000,000 per occurrence
Aggregate	\$800,000 minimum @ 100%	\$5,000,000 total

The City has \$2,758,443 available to pay claims. It anticipates that \$94,815 will be paid for claims reported to date. The City is unable to estimate the liability for claims incurred but not reported. The liability for reported claims has been recorded in the Risk Management Internal Service Fund.

Changes in the balance of claims liabilities for workers compensation during the current and prior year are as follows:

	June 30, <u>2004</u>	June 30, <u>2003</u>
Beginning of Year Fiscal Liability	\$ 866	\$ 49,166
Current Year Claims and Changes in Estimates	92,083	(16,973)
Claim Payments/(Refunds)	1,866	(31,327)
End of Fiscal Year Liability	<u>\$ 94,815</u>	<u>\$ 866</u>

CITY OF WAYNE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
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**Note 4 Other Notes - continued**

**4.C. Contingent Liabilities - Lawsuits and Other**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**4.D. Joint Ventures**

- (1) Nankin Transit Commission - The City participates in the Nankin Transit Commission with the cities of Garden City, Inkster, and Westland. The Commission was created as an intergovernmental organization for the purpose of providing for the operation, management, financing, and planning of local and specialized transit services in the participants' areas. Under the terms of a purchase of service contract entered into between the Nankin Transit Commission and the Suburban Mobility Authority for Regional Transportation (SMART), SMART has agreed to provide, among other things, certain equipment, vehicles and technical assistance necessary to provide public transportation services within a specified area. Two members of the Board of Directors for the joint venture are appointed by each of the four participating governments. The Board of Directors is responsible for approving the annual budget. The operating budget is funded by contributions from each participating government as well as contributions from SMART, the State of Michigan and the Federal Government. The City's contribution is based on a per capita basis and totaled \$21,000 for the year ended June 30, 2004. The City of Wayne represents approximately 12% of the per capita base of this organization. The City has no investment in the assets, liabilities and fund equity of the Nankin Transit Commission.

Complete financial statements of the Nankin Transit Commission can be obtained at the entity's administrative office: Nankin Transit Commission, 37151 Marquette, Westland, MI 48185.

- (2) Central Wayne County Sanitation Authority - The City is a member of the Central Wayne County Sanitation Authority along with the cities of Dearborn Heights, Garden City, Inkster and Westland. The Authority was created as an intergovernmental organization for the purpose of establishing and operating sanitary waste disposal operations for the mutual advantage of the governments. One member of the Board of Directors for the joint venture is appointed by each government. The Board of Directors is responsible for approving the annual budget. The operating and debt requirements are funded by contributions from each participating government. The City of Wayne has no investment in the Authority but is required to cover 7.43% of the debt service charges on the outstanding revenue bonds.

Complete financial statements of the Central Wayne County Sanitation Authority can be obtained at the entity's administrative office: Central Wayne County Sanitation Authority, 4901 S. Inkster Road, Dearborn Heights, MI 48127.

CITY OF WAYNE, MICHIGAN  
 NOTES TO FINANCIAL STATEMENTS  
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**Note 4 Other Notes - continued**

**4.E. Other Postemployment Benefits**

In addition to providing pension benefits, the City provides postemployment health care to all employees who retire from the City as per contractual agreements for union employees and Council resolution for non-union employees. Currently 127 retirees meet eligibility requirements. Retirees, who began employment with the City prior to the dates below, their spouses and any dependents under the age of nineteen are covered for health insurance. For all other current employees who were hired after the dates below, the City pays a percentage of the retiree's health insurance premium only, depending on the number of years the retiree worked for the City.

<u>Classification</u>	<u>Date</u>
General (and Spouses), Exempt (and Spouses), Supervisors (and Spouses), and Court Effective July 1, 2001	10/01/85
Police (POAM) (and Spouses), Command Officers(COAM) (and Spouses)	10/15/84
Fire (and Spouses)	07/01/85
Department of Public Works (and Spouses as of 07/01/01)	11/01/85

The percentage paid by the City is based on the following completed years of service:

<u>Years of Service</u>	Percentage of <u>Premium</u>
25 or more	100%
20 to less than 25	75%
15 to less than 20	50%

Current City contracts also provide postemployment life insurance benefits in the amount of \$8,000.

The cost of retiree health care and life insurance benefits is paid by the retired lives medical coverage fund and totaled \$1,125,129 for the year ended June 30, 2004. These post employment benefits are funded by the City on a pay-as-you-go basis calculated at 17.0% of gross wages associated with employee straight time. The City recognizes the cost of other postemployment benefits based on monthly premiums paid or payable at June 30, 2004.

**4.F. Pension Trust Fund**

Plan Description - The City of Wayne Public Employees Retirement System was established by the City Charter and is maintained as a single employer plan for the employees of the City of Wayne. The City Charter may be amended only by a vote of the electorate. The plan is administered as a single plan under which benefits are derived from both a defined benefit component and defined contribution component. The City of Wayne contributes to the defined contribution portion of the plan and the City of Wayne employees contribute to the defined contribution portion of the plan. The City obtained a favorable determination letter from the Internal Revenue Service establishing qualification for plan years beginning after December 31, 1987. A stand alone financial report is not issued for the plan.

CITY OF WAYNE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
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**Note 4 Other Notes - continued**

**4.F. Pension Trust Fund - continued**

Employee Coverage and Current Membership - Employee coverage is identical for both plans. Employees eligible for the plans include those in the classified service of the City, all administrative officers, employees of the District Court, and the District Court Judge. The City's payroll covered by retirement was \$8,636,385 for employees in the defined contribution plan for the year ended June 30, 2004. The same payroll was used for the defined benefit plan. The City's total payroll was \$14,029,490. Current membership in the plans is comprised of the following:

<u>Group</u>	<u>Defined Contribution</u>	<u>Defined Benefit</u>
Retirees and Beneficiaries		
Currently Receiving Benefits	13	132
Active Employees	158	158
Terminated Plan Members Entitled to But Not Receiving Benefits	9	9

Benefits and Eligibility - The City of Wayne City Charter provides retirement benefits as well as death and disability benefits. Retirement benefits vest after 10 years of credited service and increase by 2% each July 1, beginning 12 months after retirement, and continue for a total of ten years. For AFSCME, General, Police, Command, Court, and Emergency Services Dispatchers, these 2% increases are on a compounded basis. For Fire, Supervisors, and Exempt, these 2% increases are compounded for 15 years. For employees retired after December 31, 1999, cost-of-living adjustments based on the CPI will be compounded up to 2% once the original retirement allowance increases are exhausted.

General employees are eligible for retirement at age 55 with 10 years of service. Police and Fire employees are eligible for retirement at age 50 with 10 years of service ( 25 years of service regardless of age).

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The City of Wayne Pension Trust Fund financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Equity securities are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Realized gains and losses on sales and exchanges of securities are recognized on the transaction date. No investment, other than U.S. Government and U.S. Government Guaranteed Obligations, represent more than 5 percent of the plan's net assets available for benefits

CITY OF WAYNE, MICHIGAN  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2004  
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**Note 4 Other Notes - continued**

**4.F. Pension Trust Fund - continued**

Contributions and Reserves - Covered employees are required to contribute 7% of their gross salary to the defined contribution plan. If an employee leaves covered employment or dies before 10 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. The City is required to contribute amounts to the defined benefit plan necessary to finance the coverage of its employees. The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The costs of administering the pension plan are financed by investment earnings.

Three year trend information:

<u>Plan Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (NPO)</u>
June 20, 2004	\$ 1,226,776	100%	\$ --
June 20, 2003	\$ 959,165	100%	\$ --
June 30, 2002	\$ 724,315	100%	\$ --

Financial statements of the Pension Trust Fund and other post employment benefits for the year ended June 30, 2004 are as follows:

STATEMENT OF NET ASSETS

	<u>Pension Trust Fund</u>	<u>Public Employee Health Care Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 6,414,724	\$ 136,742	\$ 6,551,466
Investments	51,158,152	999,151	52,157,303
Interest/Dividend Receivable	249,965	--	249,965
Total Assets	<u>\$ 57,822,841</u>	<u>\$ 1,135,893</u>	<u>\$ 58,958,734</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts Payable	\$ 111,321	\$ --	\$ 111,321
Net Assets:			
Restricted for:			
General Employee Contributions	3,807,188	--	3,807,188
Police and Fire Employees Contributions	3,346,180	--	3,346,180
Employer Contributions - General Employees	14,889,743	--	14,889,743
Employer Contributions - Police and Fire Employees	20,258,808	--	20,258,808
Member Annuity	49,151	--	49,151
Retirement Benefit Payments	15,360,450	--	15,360,450
Health Care Payments	--	1,135,893	1,135,893
Net Assets Held in Trust for Pension	<u>\$ 57,711,520</u>	<u>\$ 1,135,893</u>	<u>\$ 58,847,413</u>

CITY OF WAYNE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004  
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**Note 4 Other Notes - *continued***

**4.F. Pension Trust Fund - *continued***

STATEMENT OF CHANGES IN NET ASSETS

	Pension Trust <u>Fund</u>	Public Employee <u>Health Care Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,265,422	\$ 50,000	\$ 1,315,422
Employee	604,762	--	604,762
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	5,706,251	(744)	5,705,507
Interest and Dividends	1,316,941	4,513	1,321,454
Investment Administration Fees	(429,630)	(1,996)	(431,626)
Total Additions	<u>8,463,746</u>	<u>51,773</u>	<u>8,515,519</u>
Deductions:			
Benefits	(3,784,433)	--	(3,784,433)
Refunds	(30,407)	--	(30,407)
Total Deductions	<u>(3,814,840)</u>	<u>--</u>	<u>(3,814,840)</u>
Net Increase	<u>4,648,906</u>	<u>51,773</u>	<u>4,700,679</u>
Net Assets at Beginning of Year	<u>53,062,614</u>	<u>1,084,120</u>	<u>54,146,734</u>
Net Assets at End of Year	<u>\$ 57,711,520</u>	<u>\$ 1,135,893</u>	<u>\$ 58,847,413</u>

**4.G. Special Item**

The City was involved in significant land sale transactions during the fiscal year. The City sold parcels of property acquired as tax reverted property.

CITY OF WAYNE, MICHIGAN  
 DEFINED BENEFIT TRUST TREND INFORMATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2004

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/96	\$ 44,902,720	\$ 40,507,425	\$ (4,395,295)	110.9%	\$ 6,118,165	\$ (71.8%)
6/30/97	\$ 49,603,580	\$ 43,146,527	\$ (6,457,053)	115.0%	\$ 6,367,334	\$ (101.4%)
6/30/98	\$ 55,811,637	\$ 45,652,814	\$ (10,158,823)	122.3%	\$ 6,731,032	\$ (150.9%)
6/30/99	\$ 61,862,644	\$ 55,015,268	\$ (6,847,376)	112.4%	\$ 7,310,710	\$ (93.7%)
6/30/00	\$ 66,040,097	\$ 57,649,490	\$ (8,390,607)	114.6%	\$ 7,508,589	\$ (111.7%)
6/30/01	\$ 67,427,370	\$ 61,115,637	\$ (6,311,733)	110.3%	\$ 8,053,440	\$ (78.4%)
6/30/02	\$ 65,484,056	\$ 64,685,164	\$ (798,892)	101.2%	\$ 8,769,333	\$ (9.1%)
6/30/03	\$ 64,696,561	\$ 66,992,770	\$ 2,296,209	96.6%	\$ 8,430,533	\$ 27.2%

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/96	\$ 906,825	100%
6/30/97	\$ 863,244	100%
6/30/98	\$ 658,282	100%
6/30/99	\$ 641,304	100%
6/30/00	\$ 547,954	100%
6/30/01	\$ 787,284	100%
6/30/02	\$ 848,825	100%
6/30/03	\$ 1,014,194	100%

The information in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	6/30/03
Actuarial Cash Method	Entry age
Amortization Method	Level percent of payroll
Remaining Amortization Period	25 years for unfunded 10 years for overfunded
Asset Valuation Method	4 year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	4.0%-7.8%
Includes Inflation at	4.0%
Cost of Living Adjustment	2% compounded each July 1, after 12 months of retirement (AFSCME/DPW, Court, Emergency Services Dispatchers, Exempt, General, Police and Command receive unlimited increases.) (Judges and Fire receive increases for 10 and 15 years, respectively.)

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 6,681,406	\$ 6,681,406	\$ 6,747,045	\$ 65,639
Licenses and Permits	306,150	306,150	438,956	132,806
Intergovernmental	2,542,767	2,542,767	2,432,060	(110,707)
Charges for Services and Sales	1,807,755	1,816,555	1,803,776	(12,779)
Fines and Forfeits	538,800	538,800	497,099	(41,701)
Interest and Rents	96,000	89,000	84,942	(4,058)
Other Revenue	675,072	4,773,272	4,758,436	(14,836)
Total Revenues	<u>12,647,950</u>	<u>16,747,950</u>	<u>16,762,314</u>	<u>14,364</u>
Expenditures:				
Current:				
General Government	2,444,221	2,444,221	2,294,811	149,410
District Court	846,672	846,672	830,879	15,793
Public Safety	7,773,170	7,831,301	7,839,556	(8,255)
Public Services	1,435,308	1,451,378	1,489,784	(38,406)
Recreation and Culture	3,323,002	3,354,459	3,226,397	128,062
Other Functions	128,803	128,803	97,697	31,106
Capital Outlay	--	10,500	38,859	(28,359)
Total Expenditures	<u>15,951,176</u>	<u>16,067,334</u>	<u>15,817,983</u>	<u>249,351</u>
Excess of Revenues Over/(Under) Expenditures	<u>(3,303,226)</u>	<u>680,616</u>	<u>944,331</u>	<u>263,715</u>
Other Financing Sources/(Uses):				
Operating Transfers from:				
911 Service Fund	88,000	100,000	130,068	30,068
Federal Grant Fund	102,793	196,951	193,813	(3,138)
Community Development Block Grant Fund	44,700	44,700	42,840	(1,860)
General Projects Fund	--	--	8,611	8,611
Operating Transfers to:				
Local Street Fund	(200,000)	(200,000)	(200,000)	--
METRO Act Fund	--	--	(9,789)	(9,789)
Stormwater Fund	(10,000)	--	--	--
General Projects Fund	--	--	(3,779)	(3,779)
Building Authority Fund	(828,802)	(828,802)	(828,350)	452
Risk Management Fund	(100,000)	(100,000)	(100,000)	--
Transfer from Component Units:				
Downtown Development Authority	4,133,360	33,360	--	(33,360)
Total Other Financing Sources	<u>3,230,051</u>	<u>(753,791)</u>	<u>(766,586)</u>	<u>(12,795)</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>(73,175)</u>	<u>(73,175)</u>	<u>177,745</u>	<u>250,920</u>
Fund Balance at Beginning of Year	<u>1,515,421</u>	<u>1,515,421</u>	<u>1,515,421</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 1,442,246</u>	<u>\$ 1,442,246</u>	<u>\$ 1,693,166</u>	<u>\$ 250,920</u>

CITY OF WAYNE, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004  
MOTOR VEHICLE HIGHWAY FUND - MAJOR STREET AND TRUNKLINE FUND

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental Revenues:				
Weight and Gas Tax	\$ 715,466	\$ 727,166	\$ 764,461	\$ 37,295
Trunkline Maintenance	75,853	75,853	45,618	(30,235)
Interest	--	--	1,992	1,992
Other Revenue	385,000	--	657	657
Total Revenues	<u>1,176,319</u>	<u>803,019</u>	<u>812,728</u>	<u>9,709</u>
Expenditures:				
Current:				
Routine Maintenance	236,264	236,264	163,115	73,149
Traffic Service	49,775	49,775	23,669	26,106
Snow and Ice Removal	123,938	123,938	61,989	61,949
Trunkline	75,853	75,853	44,034	31,819
Capital Outlay	385,000	--	2,460	(2,460)
Total Expenditures	<u>870,830</u>	<u>485,830</u>	<u>295,267</u>	<u>190,563</u>
Excess of Revenue Over Expenditures	<u>305,489</u>	<u>317,189</u>	<u>517,461</u>	<u>200,272</u>
Other Financing Uses:				
Operating Transfers to: Local Street Fund	<u>(278,700)</u>	<u>(290,400)</u>	<u>(291,115)</u>	<u>(715)</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	<u>26,789</u>	<u>26,789</u>	<u>226,346</u>	<u>199,557</u>
Fund Balance at Beginning of Year	<u>309,001</u>	<u>309,001</u>	<u>309,001</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 335,790</u>	<u>\$ 335,790</u>	<u>\$ 535,347</u>	<u>\$ 199,557</u>

MOTOR VEHICLE HIGHWAY FUND - LOCAL STREET FUND

Revenues:				
Intergovernmental Revenues:				
Weight and Gas Tax	\$ 281,636	\$ 300,336	\$ 301,562	\$ 1,226
Interest	--	--	1,209	1,209
Total Revenues	<u>281,636</u>	<u>300,336</u>	<u>302,771</u>	<u>2,435</u>
Expenditures:				
Current:				
Routine Maintenance	562,405	598,405	665,256	(66,851)
Traffic Service	30,788	30,788	13,286	17,502
Snow and Ice Removal	162,662	162,662	79,328	83,334
Total Expenditures	<u>755,855</u>	<u>791,855</u>	<u>757,870</u>	<u>33,985</u>
Excess of Revenues Over/(Under) Expenditures	<u>(474,219)</u>	<u>(491,519)</u>	<u>(455,099)</u>	<u>36,420</u>
Other Financing Sources:				
Operating Transfers from:				
General Fund	200,000	200,000	200,000	--
Major Street Fund	278,700	290,400	291,115	715
Total Other Financing Sources	<u>478,700</u>	<u>490,400</u>	<u>491,115</u>	<u>715</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures	<u>4,481</u>	<u>(1,119)</u>	<u>36,016</u>	<u>37,135</u>
Fund Balance at Beginning of Year	<u>258,295</u>	<u>258,295</u>	<u>258,295</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 262,776</u>	<u>\$ 257,176</u>	<u>\$ 294,311</u>	<u>\$ 37,135</u>

CITY OF WAYNE, MICHIGAN  
FOOTNOTES TO REQUIRED  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2004

**Legal Compliance - Budgets - Accounting and Reporting**

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund and seven special revenue funds (Major Street Fund, Local Street Fund, Refuse Collection and Disposal Fund, Public Improvement Fund, 911 Service Fund, Federal Grant Fund, and Library Operations Fund).

Functional activity (i.e. general government, district court, public safety, etc.) is the legal level of control at which expenditures may not legally exceed appropriations for the general fund budget. Total expenditures is the legal level of control for all special revenue funds.

The City is legally subject to the budgetary control requirement of Michigan Public Act (P.A.) 2 of 1978, as amended. The following is a summary of the requirements of this Act.

- a. Budgets must be adopted for the General Fund and Special Revenue Funds.
- b. The budgets must be balanced.
- c. The budgets must be amended when necessary.
- d. Public hearings must be held before budget adoptions.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by functional activity which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- (i) At the second regular meeting in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes the proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
- (ii) Public hearings are conducted to obtain taxpayer comments.
- (iii) At the second regular meeting in May, the General Fund and Special Revenue budgets are legally enacted through passage of a resolution by the City Council. The budgeting technique groups various departments into activities by function of service.
- (iv) After the budget has been adopted no money can be drawn from the treasury of the City, nor can any obligation for the expenditure of money be incurred except pursuant to the budget appropriation.
- (v) Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- (vi) The Finance Director is authorized to make budgetary transfers within appropriation centers. The City Manager is authorized to make budgetary transfers between appropriation centers as long as no appropriation center is increased by more than 2.5%. All other transfers between appropriation centers may be made only by further action of the City Council pursuant to the provisions of the Michigan Uniform Accounting and Budgeting Act.

CITY OF WAYNE, MICHIGAN  
 FOOTNOTES TO REQUIRED  
 SUPPLEMENTARY INFORMATION  
JUNE 30, 2004

**Legal Compliance - Budgets - Accounting and Reporting (continued)**

(vii) The original budget was amended during the year. Budgetary comparison schedules for the major governmental funds are presented in the Supplemental Section as Required Supplementary Information.

For the year ended June 30, 2004, expenditures and transfers exceeded appropriations for the following functional activities:

Functional Activity	Original Budget	Final Budget	Actual	Expenditures and Transfers In Excess of Appropriations
<u>General Fund</u>				
Expenditures:				
Public Safety	\$ 7,773,170	\$ 7,831,301	\$ 7,839,556	\$ 8,255
Public Services	\$ 1,435,308	\$ 1,451,378	\$ 1,489,784	\$ 38,406
Capital Outlay	\$ --	\$ 10,500	\$ 38,859	\$ 28,359
Operating Transfers to:				
METRO Act Fund	\$ --	\$ --	\$ 9,789	\$ 9,789
General Projects Fund	\$ --	\$ --	\$ 3,779	\$ 3,779

CITY OF WAYNE, MICHIGAN  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Assets:					
Cash and Cash Equivalents	\$ 536,511	\$ 161,502	\$ 390,823	\$ 289,203	\$ 1,378,039
Receivables:					
Accounts	16,988	--	5,534	157	22,679
Taxes Receivable	11,851	3,105	--	--	14,956
Special Assessments	6,237	--	--	--	6,237
Intergovernmental	103,669	--	1,011	--	104,680
Land Contracts	--	--	125,208	--	125,208
Prepaid Items	1,423	--	48	--	1,471
	<u>\$ 676,679</u>	<u>\$ 164,607</u>	<u>\$ 522,624</u>	<u>\$ 289,360</u>	<u>\$ 1,653,270</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts Payable	\$ 185,270	\$ --	\$ 180,611	\$ --	\$ 365,881
Retainage Payable	--	--	8,335	--	8,335
Due to Other Funds	40,581	--	--	--	40,581
Interfund Payable	--	--	38,589	--	38,589
Accrued Salaries and Wages	19,786	--	--	--	19,786
Accrued Compensated Absences	4,052	--	--	--	4,052
Deferred Revenue	62,632	3,105	43,355	--	109,092
Total Liabilities	<u>312,321</u>	<u>3,105</u>	<u>270,890</u>	<u>--</u>	<u>586,316</u>
Fund Balances:					
Reserved	1,423	161,502	23,026	289,360	475,311
Unreserved:					
Designated for Accrued Compensated Absences	18,294	--	--	--	18,294
Unreserved, Undesignated	344,641	--	228,708	--	573,349
Total Fund Balances	<u>364,358</u>	<u>161,502</u>	<u>251,734</u>	<u>289,360</u>	<u>1,066,954</u>
Total Liabilities and Fund Balances	<u>\$ 676,679</u>	<u>\$ 164,607</u>	<u>\$ 522,624</u>	<u>\$ 289,360</u>	<u>\$ 1,653,270</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	Special Revenue	Debt Service	Capital Projects	Permanent Fund	Total
<b>Revenues:</b>					
Taxes	\$ 1,572,887	\$ 412,120	\$ --	\$ --	\$ 1,985,007
Intergovernmental	536,795	--	27,159	--	563,954
Special Assessments	--	53,095	--	--	53,095
Charges for Services	45,544	--	--	7,718	53,262
Interest and Rents	12,450	--	3,547	--	15,997
Other	302,398	--	48,491	--	350,889
<b>Total Revenues</b>	<u>2,470,074</u>	<u>465,215</u>	<u>79,197</u>	<u>7,718</u>	<u>3,022,204</u>
<b>Expenditures:</b>					
Current:					
Sanitation	1,111,427	--	--	--	1,111,427
Recreation and Culture	783,857	--	--	--	783,857
Other Functions	210,529	--	48,970	--	259,499
Capital Outlay	--	--	334,311	--	334,311
Debt Service:					
Principal	--	605,000	--	--	605,000
Interest and Paying Agent Fees	--	1,044,625	--	--	1,044,625
<b>Total Expenditures</b>	<u>2,105,813</u>	<u>1,649,625</u>	<u>383,281</u>	<u>--</u>	<u>4,138,719</u>
Excess of Revenues Over/(Under) Expenditures	<u>364,261</u>	<u>(1,184,410)</u>	<u>(304,084)</u>	<u>7,718</u>	<u>(1,116,515)</u>
<b>Other Financing Sources/(Uses):</b>					
Operating Transfers from Other Funds	9,789	1,208,308	33,779	--	1,251,876
Operating Transfers to Other Funds	(405,378)	--	(8,611)	--	(413,989)
Proceeds from Sale of Capital Assets	--	--	310,362	--	310,362
<b>Total Other Financing Sources/(Uses)</b>	<u>(395,589)</u>	<u>1,208,308</u>	<u>335,530</u>	<u>--</u>	<u>1,148,249</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>(31,328)</u>	<u>23,898</u>	<u>31,446</u>	<u>7,718</u>	<u>31,734</u>
Fund Balance at Beginning of Year	<u>395,686</u>	<u>137,604</u>	<u>220,288</u>	<u>281,642</u>	<u>1,035,220</u>
Fund Balance at End of Year	<u>\$ 364,358</u>	<u>\$ 161,502</u>	<u>\$ 251,734</u>	<u>\$ 289,360</u>	<u>\$ 1,066,954</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
JUNE 30, 2004

	<u>Refuse Collection and Disposal Fund</u>	<u>METRO Act Fund</u>	<u>Special Assessment Fund</u>  <u>Public Improvement Fund</u>	<u>911 Service Fund</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 184,992	\$ 55,333	\$ 73,689	\$ --
Receivables:				
Accounts	--	--	16,988	--
Taxes Receivable	7,415	--	--	--
Special Assessments - Current	--	--	6,237	--
Intergovernmental	--	--	--	29,468
Prepaid Items	--	--	--	--
 Total Assets	 <u>\$ 192,407</u>	 <u>\$ 55,333</u>	 <u>\$ 96,914</u>	 <u>\$ 29,468</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 78,747	\$ --	\$ 3,034	\$ --
Due to Other Funds	1,654	--	--	29,468
Accrued Salaries and Wages	--	--	--	--
Accrued Compensated Absences	--	--	--	--
Deferred Revenue	7,415	--	--	--
Total Liabilities	<u>87,816</u>	<u>--</u>	<u>3,034</u>	<u>29,468</u>
Fund Balances:				
Reserved for Prepaid Items	--	--	--	--
Unreserved:				
Designated for Accrued Compensated Absences	--	--	--	--
Unreserved, Undesignated	104,591	55,333	93,880	--
	<u>104,591</u>	<u>55,333</u>	<u>93,880</u>	<u>--</u>
 Total Liabilities and Fund Balances	 <u>\$ 192,407</u>	 <u>\$ 55,333</u>	 <u>\$ 96,914</u>	 <u>\$ 29,468</u>

Federal Grant Fund	Library Operations Fund	Community Development Block Grant Fund	Total
\$ 17,119	\$ 195,180	\$ 10,198	\$ 536,511
--	--	--	16,988
--	4,436	--	11,851
--	--	--	6,237
22,095	25,688	26,418	103,669
--	1,423	--	1,423
<u>\$ 39,214</u>	<u>\$ 226,727</u>	<u>\$ 36,616</u>	<u>\$ 676,679</u>

\$ --	\$ 87,900	\$ 15,589	\$ 185,270
9,459	--	--	40,581
--	19,786	--	19,786
--	4,052	--	4,052
29,755	4,435	21,027	62,632
<u>39,214</u>	<u>116,173</u>	<u>36,616</u>	<u>312,321</u>
--	1,423	--	1,423
--	18,294	--	18,294
--	90,837	--	344,641
--	110,554	--	364,358
<u>\$ 39,214</u>	<u>\$ 226,727</u>	<u>\$ 36,616</u>	<u>\$ 676,679</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	Refuse Collection and Disposal Fund	METRO Act Fund	Special Assessment Fund Public Improvement Fund	911 Service Fund
Revenues:				
Taxes	\$ 984,205	\$ --	\$ --	\$ --
Intergovernmental Revenues:				
Federal Grant/Entitlement	--	--	--	--
Other	--	--	--	130,068
Charges for Services	--	45,544	--	--
Interest and Rents	2,461	--	3,194	--
Other	--	--	20,114	--
Total Revenues	<u>986,666</u>	<u>45,544</u>	<u>23,308</u>	<u>130,068</u>
Expenditures:				
Current:				
Sanitation - Rubbish	1,111,427	--	--	--
Library	--	--	--	--
Other Functions	--	--	18,381	--
Total Expenditures	<u>1,111,427</u>	<u>--</u>	<u>18,381</u>	<u>--</u>
Excess of Revenues Over/(Under)				
Expenditures	<u>(124,761)</u>	<u>45,544</u>	<u>4,927</u>	<u>130,068</u>
Other Financing Sources/(Uses):				
Operating Transfers from Other Funds	--	9,789	--	--
Operating Transfers to Other Funds	--	--	--	(130,068)
Total Other Financing Sources/(Uses)	<u>--</u>	<u>9,789</u>	<u>--</u>	<u>(130,068)</u>
Excess of Revenues and Other Sources Over/(Under)				
Expenditures and Other Uses	<u>(124,761)</u>	<u>55,333</u>	<u>4,927</u>	<u>--</u>
Fund Balances at Beginning of Year	<u>229,352</u>	<u>--</u>	<u>88,953</u>	<u>--</u>
Fund Balances at End of Year	<u>\$ 104,591</u>	<u>\$ 55,333</u>	<u>\$ 93,880</u>	<u>\$ --</u>

Federal Grant Fund	Library Operations Fund	Community Development Block Grant Fund	Total
\$ --	\$ 588,682	\$ --	\$ 1,572,887
201,172	--	161,840	363,012
--	43,715	--	173,783
--	--	--	45,544
1,248	5,547	--	12,450
--	179,136	103,148	302,398
<u>202,420</u>	<u>817,080</u>	<u>264,988</u>	<u>2,470,074</u>
--	--	--	1,111,427
--	783,857	--	783,857
--	--	192,148	210,529
<u>--</u>	<u>783,857</u>	<u>192,148</u>	<u>2,105,813</u>
<u>202,420</u>	<u>33,223</u>	<u>72,840</u>	<u>364,261</u>
--	--	--	9,789
<u>(202,470)</u>	<u>--</u>	<u>(72,840)</u>	<u>(405,378)</u>
<u>(202,470)</u>	<u>--</u>	<u>(72,840)</u>	<u>(395,589)</u>
<u>(50)</u>	<u>33,223</u>	<u>--</u>	<u>(31,328)</u>
<u>50</u>	<u>77,331</u>	<u>--</u>	<u>395,686</u>
<u>\$ --</u>	<u>\$ 110,554</u>	<u>\$ --</u>	<u>\$ 364,358</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 GENERAL DEBT SERVICE FUNDS  
JUNE 30, 2004

	1973 Community Facilities Building	1977 Community Center Addition	1994 Michigan Transportation Fund Bonds	1995 Aquatic Center
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ --	\$ --	\$ 127,038	\$ --
Taxes Receivable	--	--	--	--
Total Assets	\$ --	\$ --	\$ 127,038	\$ --
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Deferred Revenue	\$ --	\$ --	\$ --	\$ --
Fund Balances:				
Reserve for Heywood Street	--	--	127,038	--
Reserve for Debt Service	--	--	--	--
Total Fund Balances	--	--	127,038	--
Total Liabilities and Fund Balances	\$ --	\$ --	\$ 127,038	\$ --

<u>1996</u> <u>Senior/</u> <u>Aquatic</u> <u>Centers</u>	<u>1997</u> <u>Aquatic</u> <u>Center</u> <u>Refunding</u> <u>Bonds</u>	<u>1998</u> <u>Community</u> <u>Center</u> <u>Renovation</u>	<u>2001</u> <u>DPW/</u> <u>Interim</u> <u>Fire Station</u>	<u>2002</u> <u>Fire</u> <u>Station</u>	<u>2003</u> <u>Police</u> <u>Facility</u>	<u>Total</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 34,464	\$ 161,502
--	--	--	--	--	3,105	3,105
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,569</u>	<u>\$ 164,607</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,105	\$ 3,105
--	--	--	--	--	--	127,038
--	--	--	--	--	34,464	34,464
--	--	--	--	--	34,464	161,502
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,569</u>	<u>\$ 164,607</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 GENERAL DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	1973 Community Facilities <u>Building</u>	1977 Community Center <u>Addition</u>	1994 Michigan Transportation <u>Fund Bonds</u>	1995 Aquatic Center
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Special Assessments	--	--	53,095	--
Total Revenues	<u>          </u>	<u>          </u>	<u>53,095</u>	<u>          </u>
<b>Expenditures:</b>				
Debt Service				
Principal	--	--	50,000	125,000
Interest and Fees	--	--	6,025	23,600
Total Expenditures	<u>          </u>	<u>          </u>	<u>56,025</u>	<u>148,600</u>
Excess of Revenues Over/(Under) Expenditures	<u>          </u>	<u>          </u>	<u>(2,930)</u>	<u>(148,600)</u>
<b>Other Financing Sources/(Uses):</b>				
Operating Transfers from/(to) Other Funds:				
General Debt Service Funds	(3,706)	(3,930)	--	--
Building Authority Fund	--	--	--	148,600
Total Other Financing Sources/(Uses)	<u>(3,706)</u>	<u>(3,930)</u>	<u>          </u>	<u>148,600</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	(3,706)	(3,930)	(2,930)	--
Fund Balance at Beginning of Year	<u>3,706</u>	<u>3,930</u>	<u>129,968</u>	<u>          </u>
Fund Balance at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 127,038</u>	<u>\$ --</u>

1996 Senior/ Aquatic Centers	1997 Aquatic Center Refunding Bonds	1998 Community Center Renovation	2001 DPW/ Interim Fire Station	2002 Fire Station	2003 Police Facility	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 412,120	\$ 412,120
--	--	--	--	--	--	53,095
--	--	--	--	--	412,120	465,215
100,000	30,000	50,000	25,000	125,000	100,000	605,000
55,350	217,282	76,038	72,375	308,663	285,292	1,044,625
155,350	247,282	126,038	97,375	433,663	385,292	1,649,625
(155,350)	(247,282)	(126,038)	(97,375)	(433,663)	26,828	(1,184,410)
--	--	--	--	--	7,636	--
155,350	247,282	126,038	97,375	433,663	--	1,208,308
155,350	247,282	126,038	97,375	433,663	7,636	1,208,308
--	--	--	--	--	34,464	23,898
--	--	--	--	--	--	137,604
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 34,464	\$ 161,502

CITY OF WAYNE, MICHIGAN  
 COMBINING SCHEDULE OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
JUNE 30, 2004

	<u>Current Tax Collection Fund</u>	<u>Delinquent Personal Property Tax Collection Fund</u>	<u>Payroll Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ --	\$ 10,390	\$ --	\$ 10,390
Taxes Receivable - Delinquent	--	901,854	--	901,854
Other Receivables	<u>63,233</u>	<u>--</u>	<u>--</u>	<u>63,233</u>
 Total Assets	 <u>\$ 63,233</u>	 <u>\$ 912,244</u>	 <u>\$ --</u>	 <u>\$ 975,477</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ --	\$ 495	\$ --	\$ 495
Due to Other Governments	63,233	904,945	--	968,178
Refunds Due to Taxpayers	<u>--</u>	<u>6,804</u>	<u>--</u>	<u>6,804</u>
 Total Liabilities	 <u>\$ 63,233</u>	 <u>\$ 912,244</u>	 <u>\$ --</u>	 <u>\$ 975,477</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	Balance July 1, <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2004</u>
<u>Current Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 59,510	\$ 32,648,543	\$ 32,708,053	\$ --
Other Receivables	--	63,233	--	63,233
Total Assets	<u>\$ 59,510</u>	<u>\$ 32,711,776</u>	<u>\$ 32,708,053</u>	<u>\$ 63,233</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 637	\$ 637	\$ 1,274	\$ --
Due to Other Funds	--	8,360,237	8,360,237	--
Due to Other Governments	58,873	24,288,306	24,283,946	63,233
Total Liabilities	<u>\$ 59,510</u>	<u>\$ 32,649,180</u>	<u>\$ 32,645,457</u>	<u>\$ 63,233</u>
 <u>Delinquent Tax Collection Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 181,703	\$ 335,616	\$ 506,929	\$ 10,390
Taxes Receivable - Delinquent	745,225	317,122	160,493	901,854
Total Assets	<u>\$ 926,928</u>	<u>\$ 652,738</u>	<u>\$ 667,422</u>	<u>\$ 912,244</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 16,078	\$ 33,670	\$ 49,253	\$ 495
Due to Other Governments	839,410	301,946	236,411	904,945
Refunds Due to Taxpayers	71,440	105,063	169,699	6,804
Total Liabilities	<u>\$ 926,928</u>	<u>\$ 440,679</u>	<u>\$ 455,363</u>	<u>\$ 912,244</u>

CITY OF WAYNE, MICHIGAN  
 COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2004

	Balance July 1, 2003	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2004
<u>Payroll Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 735	\$ --	\$ 735	\$ --
Prepaid Items	880	--	880	--
Total Assets	<u>\$ 1,615</u>	<u>\$ --</u>	<u>\$ 1,615</u>	<u>\$ --</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 1,584	\$ --	\$ 1,584	\$ --
Payroll and Withholding Deductions	31	--	31	--
Total Liabilities	<u>\$ 1,615</u>	<u>\$ --</u>	<u>\$ 1,615</u>	<u>\$ --</u>
 <u>Total - All Agency Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 241,948	\$ 32,984,159	\$ 33,215,717	\$ 10,390
Other Receivables	--	63,233	--	63,233
Taxes Receivable - Delinquent	745,225	317,122	160,493	901,854
Prepaid Items	880	--	880	--
Total Assets	<u>\$ 988,053</u>	<u>\$ 33,364,514</u>	<u>\$ 33,377,090</u>	<u>\$ 975,477</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 16,715	\$ 34,307	\$ 50,527	\$ 495
Due to Other Funds	--	8,360,237	8,360,237	--
Due to Other Governments	899,867	24,590,252	24,521,941	968,178
Refunds Due to Taxpayers	71,440	105,063	169,699	6,804
Payroll and Withholding Deductions	31	--	31	--
Total Liabilities	<u>\$ 988,053</u>	<u>\$ 33,089,859</u>	<u>\$ 33,102,435</u>	<u>\$ 975,477</u>

**POST, SMYTHE, LUTZ & ZIEL LLP**

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**WAYNE**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

September 21, 2004

To the City Council  
City of Wayne, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented major component unit, each major fund, and the aggregate remaining fund information of City of Wayne, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the City of Wayne, Michigan's basic financial statements and have issued our report thereon dated September 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Wayne, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wayne, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the City Council  
September 21, 2004  
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This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



**POST, SMYTHE, LUTZ & ZIEL LLP**

Certified Public Accountants

Wayne, Michigan

CITY OF WAYNE, MICHIGAN  
 POOLED INVESTMENT FUND  
 SCHEDULE OF INVESTMENTS  
JUNE 30, 2004

<u>Dated</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Bank Accounts:				
06/30/03	Fifth Third Bank			2,764,440
06/30/03	Comerica Bank - Governmental Trust Account			21,536
06/30/03	Comerica Bank - Money Market			1,523,927
06/30/03	MBIA - Municipal Investors Service Corp. - Interim Fire/ DPW			75,156
06/30/03	MBIA - Municipal Investors Service Corp. - New Fire Station			741,107
06/30/03	MBIA - Municipal Investors Service Corp. - Police Facility			1,701,443
06/30/03	Bank One - Money Market			498,032
06/30/03	Bank One - Checking			5,888,297
06/30/03	Standard Federal Bank - Checking			1,526,916
06/30/03	Flagstar Bank - Savings			506,926
06/30/03	National City - Savings			22,496
Total Pooled Investments				<u>\$ 15,270,276</u>

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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<u>Par Value</u>	<u>Cash Equivalents</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Fair Value</u>
569,853	Pooled Investment Fund			\$ 5,583,225
1,040,332	Fidelity Public Funds Investment Trust			832,072
	Total Cash Equivalents			<u>\$ 6,415,297</u>
<b>United States Government Obligations</b>				
264,930	Federal Home Loan Mortgage Corp Gold Pool	03/01/17	6.000%	\$ 276,439
1,000,000	Federal Farm Credit Bank	08/15/05	2.125%	997,500
500,000	Federal Home Loan Bank	04/15/09	3.000%	474,690
200,000	U.S. Treasury Notes	05/31/05	1.250%	198,626
475,000	U.S. Treasury Notes	02/15/07	2.250%	465,799
500,000	U.S. Treasury Notes	03/15/09	2.625%	475,780
150,000	Federal Home Loan Mortgage Corp	07/15/04	6.250%	150,282
900,000	Federal Home Loan Mortgage Corp	08/01/11	6.375%	933,192
450,000	Federal Home Loan Mortgage Corp	07/05/09	5.250%	471,375
300,000	Federal Home Loan Mortgage Assn	07/04/08	3.250%	294,843
300,000	Federal Home Loan Mortgage Assn	03/15/13	4.375%	286,125
36,804	Fed Natl Mtg Assn Pool	08/01/16	11.500%	41,681
72,533	Fed Natl Mtg Assn Pool	12/01/28	5.500%	72,725
913,110	Fed Natl Mtg Assn Pool	12/01/18	5.000%	916,391
	Total United States Government Obligations			<u>6,055,448</u>
<b>Corporate Bonds</b>				
500,000	American Express Co.	11/20/07	3.750%	498,445
450,000	American General Finance Senior Note	05/15/05	7.250%	468,810
500,000	Associates Corp of N.A. Senior Note	06/15/05	6.625%	518,400
505,000	Bear Stearns Co Inc	03/25/09	3.250%	477,609
450,000	Bellsouth Capital Fund Debenture	11/15/26	6.040%	480,375
500,000	CIT Group Inc.	09/29/06	2.875%	493,450
550,000	Credit Suisse FB USA Inc.	01/15/09	3.875%	536,365
450,000	Florida Power & Light Company First Mortgage	02/01/13	4.850%	443,263
600,000	Ford Motor Credit Company Senior Note	01/12/09	5.800%	605,640
175,000	Ford Motor Credit Company Bond	02/01/11	7.375%	184,585
475,000	General Dynamics Corporation Note	05/15/06	2.125%	467,229
800,000	General Electric Capital Corp Note	06/15/12	6.000%	844,232
450,000	General Motors Accep Corp Note	05/01/06	6.480%	467,181
500,000	General Motors Accep Corp Note	01/15/06	6.750%	523,925
500,000	Goldman Sachs Group Inc Bond	08/17/05	7.625%	525,490
475,000	Household Finance Corp Note	06/17/08	6.400%	510,972
200,000	International Lease Finance Corp	11/01/09	4.375%	196,548
625,000	JP Morgan Chase & Company	11/15/10	4.500%	608,331
600,000	Metlife Inc.	11/24/13	5.000%	581,790
500,000	Morgan Stanley Group Inc	04/01/08	3.625%	491,375
600,000	National Rural Utilities Collateral Trust	05/15/06	6.000%	631,404
750,000	PPL Electric Utilities Debenture	08/15/09	6.250%	807,173
465,000	SLM Corporation	03/17/08	3.625%	458,578
475,000	Verizon Global Funding Inc	09/01/12	7.375%	534,266
400,000	Wisconsin Energy Corp Note	04/01/11	6.500%	430,440
	Total Corporate Bonds			<u>12,785,876</u>

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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Number of Shares	Common Stock	Fair Value
3,207	Aquantive Inc.	\$ 31,685
925	Argosy Gaming Corporation	34,780
7,557	Directv Group	129,225
16,350	Disney Walt Company	416,762
750	Ebay Incorporated	68,963
3,561	Entravision Communications Corp	27,348
1,950	Federated Department Stores	95,745
1,050	Gtech Holdings Corporation	48,626
2,300	Harley Davidson Incorporated	142,462
1,150	Harman International	104,650
3,600	Home Depot Incorporated	126,720
3,800	Leggett & Platt Incorporated	101,498
4,550	Limited Brands Incorporated	85,085
5,100	Lowe's Companies Incorporated	268,005
3,850	McDonalds Corporation	100,100
3,350	Nike Incorporated	253,763
5,100	Penney JC Incorporated	192,576
4,000	Target Corporation	169,880
1,215	Tuesday Morning Corporation	35,235
2,650	Estee Lauder Companies	129,267
1,900	General Mills Incorporated	90,307
1,250	Gillette Company	53,000
2,800	Pepsico Incorporated	150,864
2,800	Procter & Gamble Co	152,432
2,700	Wal-Mart Stores Incorporated	142,452
1,100	Amerada Hess Corporation	87,109
3,900	Burlington Resources Incorporated	141,102
2,254	Cal Dive International	68,341
1,350	Chevron Texaco Corporation	127,049
8,600	Enesco International Inc	250,260
9,100	Exxon Mobil Corporation	404,131
1,185	FMC Technologies Incorporated	34,128
5,450	Halliburton Company	164,917
800	Nabors Industries Ltd	36,176
4,000	Noble Corporation	151,560
1,690	Oil States International	25,857
1,600	Pogo Producing Company	79,040
1,157	Premcor Incorporated	43,388
545	Spinnaker Exploration Company	21,462
2,809	Superior Energy Services Inc.	28,230
915	Swift Energy Co.	20,185
1,963	Varco International Incorporated	42,970
3,700	American Express Company	190,106
7,550	American International Group Inc	538,164
6,206	Bank of America Corporation	525,152

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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Number of <u>Shares</u>	<u>Common Stock</u>	Fair <u>Value</u>
2,150	Capital One Financial Corporation	
3,550	Cit Group Incorporated	\$ 147,017
14,050	Citigroup Incorporated	135,930
3,900	Fannie Mae	653,325
1,723	Fed Agric Mtg Corp	278,304
2,585	Felcor Lodging Trust Incorporated	41,231
927	Financial Federal Corp	31,279
850	Goldman Sachs Group Incorporated	32,686
860	Greater B ay Bancorp	80,036
1,110	IPC Holdings LTD	24,854
6,950	JP Morgan Chase & Company	40,992
4,050	MBNA Corporation	269,452
2,924	Meristar Hospitality Corporation	104,450
6,350	Merrill Lynch & Company Incorporated	20,000
2,300	Morgan Stanley Dean Witter Discover & Company	342,773
3,900	Principal Financial Group	121,371
4,100	Prudential Financial Inc.	135,642
7,083	St. Paul Travelers Companies Inc.	190,527
3,500	US Bancorp	287,145
805	Umpqua Holdings Corporation	96,460
1,950	Wachovia Corporation	16,897
3,300	Wells Fargo Company	86,775
1,120	Adolar Corporation	188,859
1,200	Aetna US Healthcare Inc	14,202
1,500	Alcon Inc.	102,000
686	American Medical System Holdings	117,975
1,050	Amgen Incorporated	23,118
734	Amsburg Corporation	57,299
4,200	Andrx Corp	18,445
3,800	Boston Scientific Corp	117,306
2,000	Cardinal Health Inc	162,640
10,650	Caremark RX Incorporated	140,100
802	Conceptus Inc.	350,811
3,450	Davita Incorporated	9,031
3,550	Gilead Sciences Incorporated	106,364
4,100	Health Management Assoc Inc.	237,850
813	ICU Med Inc.	91,922
488	Inspire Pharmaceuticals Inc.	27,260
2,151	Intermune Inc.	8,159
1,300	Invitrogen Corporation	33,168
3,550	Johnson & Johnson	93,587
1,282	Kindred Healthcare Incorporated	197,735
679	Neighborcare Inc	33,781
1,360	Owens & Minor Inc Holding Company	21,273
2,250	Pacificare Health Systems-A	35,224
		86,985

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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Number of Shares	Common Stock	Fair Value
1,255	Parexel International Corp	\$ 24,849
9,050	Pfizer Inc	310,234
1,515	Pharmaceutical Product Development	48,131
977	Rehabcare Group Inc	26,018
717	Sierra Health Services Incorporated	32,050
1,550	St. Jude Medical Incorporated	117,258
1,185	Steris Corp	26,734
1,120	Trimeris Inc	16,162
2,100	Valeant Pharmaceuticals Intl	42,000
500	Varian Medical Systems Incorporated	39,675
1,193	Wilson Greatbatch Technologies	33,344
3,150	3M Company	283,532
1,908	Ametek Inc	58,957
2,185	C&D Technologies Inc	38,959
1,800	Caterpillar Incorporated	142,992
291	Chemed Corporation	14,114
739	Clarcor Incorporated	33,846
2,376	Danaher Corporation	123,196
3,000	Deere & Company	210,420
450	Eaton Corporation	29,133
2,924	Flowserve Corporation	72,925
1,314	Forward Air Corporation	49,144
1,800	General Dynamics Corporation	178,740
18,150	General Electric	588,060
2,100	Goodrich Corporation	67,893
1,000	Illinois Tool Works Incorporated	95,890
639	Intermagnetics General Corp.	21,745
960	Kennametal Incorporated	43,968
3,500	Masco Corporation	109,130
1,104	Navigant Consulting	23,670
2,031	NCO Group Incorporated	54,207
8,400	Norfolk Southern Corporation	222,768
1,475	Paccar Incorporated	85,535
828	Pacer Intl Inc Tenn	15,318
5,208	PRG-Schultz International Inc	28,488
1,166	Ryder System Incorporated	46,722
7350	Tyco International	243,579
1,000	United Technologies Corporation	91,480
3,339	Unova Inc	67,615
1,179	Waste Connections Incorporated	34,969
3,300	Accenture Ltd	90,684
3,737	Actel Corporation	69,135
1,493	Advanced Energy Industries	23,470
1,900	Altera Corporation	42,104
3,827	Arris Group Incorporated	22,732

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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Number of <u>Shares</u>	<u>Common Stock</u>	Fair <u>Value</u>
3,117	Bearingpoint Inc	
1,995	Borland Software Corp	\$ 27,648
12,600	Cisco Systems Incorporated	16,938
1,603	Coherent Inc.	298,620
5,500	Dell Inc	47,850
737	Digital Insight Corp	197,010
3,516	Electro Scientific Industries Inc.	15,153
8,200	EMC Corporation Massachusetts	99,538
3,918	Entrust Technologies Incorporated	93,480
2,100	Extreme Networks Incorporated	17,631
811	Filenet Corporation	11,592
3,200	First Data Corp	25,603
2,600	Fiserv Incorporated Wisconsin	142,464
1,423	Flir System Inc	101,114
452	Infospace Inc	78,123
1,555	Integrated Device Technology Inc	17,194
11,500	Intel Corporation	21,521
2,900	International Business Machines Corporation	317,400
1,021	Intersil Corporation	255,635
2,505	Intervice Inc.	22,115
5,100	Jabil Circuit Incorporated	28,732
1,247	Lam Research Corporation	128,418
1,100	Lexmark International Inc.	33,420
1,750	Maxim Integrated Products	106,183
653	Maximus Inc.	91,735
1,234	Methode Electronics	23,155
2,030	Mettler-Toledo International	16,005
1,678	Micrel Incorporated	99,754
12,650	Microsoft Corporation	20,388
1,212	MTS Systems	361,284
1,042	National Instruments Corporation	28,421
3,660	Netiq Corporation	31,937
1,115	Networks Associates Inc	48,312
5100	Oracle Corporation	20,215
5,588	Parametric Technology Corp	60,843
1,244	Pericom Semiconductor Corp	27,940
750	Qualcomm Incorporated	13,323
2,036	Quest Software	54,735
2,852	Semtech Corp	26,264
2,777	Spirent PLC	67,136
373	SPSS Incorporated	13,624
1,500	Storage Technology Corporation	6,703
1,793	Tektronix Incorporated	43,500
1,550	Varian Incorporated	60,998
1,511	Varian Semiconductor Equipment	65,333
		58,264

CITY OF WAYNE, MICHIGAN  
PENSION TRUST FUND  
SCHEDULE OF INVESTMENTS  
JUNE 30, 2004  
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Number of <u>Shares</u>	<b>Common Stock</b>	Fair <u>Value</u>
3,141	Webmethods Incorporated	\$ 26,918
2,250	Xilinx Incorporated	74,948
7,950	Alcoa Incorporated	262,589
2,278	Cabot Corporation	92,715
5,600	Dow Chemical Company	227,920
821	FMC Corporation	35,393
639	Minerals Technologies Incorporated	37,062
360	Scotts Company (Ohio)	22,997
5,300	Smurfit-Stone Container Corporation	105,735
885	Valspar Corporation	44,595
725	S&P 500 Trust Series 1	83,034
5,100	Alltel Corporation	258,161
7,402	Crown Castle International Corp	109,179
4,550	Nextel Communications Incorporated	121,302
702	NII Holdings Inc Class B	23,649
894	Western Wireless Corp	25,845
4,200	Exelon Corporation	139,817
3,700	TXU Corporation	149,886
490	National Finl Partners Corp	17,281
1,324	Nova Chemicals Corporation	38,302
	<b>Total Common Stock</b>	<u>20,825,151</u>
	<b>Mutual Funds</b>	
708,258	Lazard Funds Inc Intl Equity Portfolio	8,144,968
43,692	Brandywine Diversified Small Cap	3,346,709
	<b>Total Mutual Funds</b>	<u>11,491,677</u>
	<b>Grand Total Investments</b>	<u>\$ 51,158,152</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
MICHIGAN DEPARTMENT OF TRANSPORTATION FUND BONDS  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
10/01/94	\$ 400,000	5.500%	10/01/03	50,000	--	--
		5.600%	10/01/04	75,000	75,000	2,100
				<u>125,000</u>	<u>75,000</u>	<u>2,100</u>
Total Transportation Fund Debt				<u>\$ 125,000</u>	<u>\$ 75,000</u>	<u>\$ 2,100</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - AQUATIC CENTER  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
02/01/95	\$ 4,900,000	8.000%	10/01/03	125,000	--	--
		6.000%	10/01/04	150,000	150,000	13,650
		6.100%	10/01/05	150,000	150,000	4,575
				<u>425,000</u>	<u>300,000</u>	<u>18,225</u>
Total Aquatic Center Debt				<u>\$ 425,000</u>	<u>\$ 300,000</u>	<u>\$ 18,225</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - AQUATIC CENTER AND SENIOR CENTER  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
03/01/96	\$ 1,475,000					
		5.000%	10/01/03	100,000	--	--
		5.100%	10/01/04	100,000	100,000	49,950
		5.200%	10/01/05	100,000	100,000	44,800
		5.300%	10/01/06	100,000	100,000	39,550
		5.350%	10/01/07	150,000	150,000	32,888
		5.250%	10/01/08	150,000	150,000	24,937
		5.250%	10/01/09	200,000	200,000	15,750
		5.250%	10/01/10	200,000	200,000	5,250
Total Aquatic Center and Senior Center Debt				<u>\$ 1,100,000</u>	<u>\$ 1,000,000</u>	<u>\$ 213,125</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY REFUNDING BONDS  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
10/30/97	\$ 4,465,000	4.350%	10/01/03	30,000	--	--
		4.450%	10/01/04	35,000	35,000	215,501
		4.500%	10/01/05	35,000	35,000	213,935
		4.550%	10/01/06	210,000	210,000	208,370
		4.650%	10/01/07	210,000	210,000	198,710
		4.750%	10/01/08	235,000	235,000	188,246
		4.850%	10/01/09	230,000	230,000	177,088
		5.000%	10/01/10	255,000	255,000	165,135
		5.000%	10/01/11	280,000	280,000	151,760
		5.050%	10/01/12	275,000	275,000	137,816
		5.100%	10/01/13	300,000	300,000	123,222
		5.150%	10/01/14	295,000	295,000	107,976
		5.200%	10/01/15	315,000	315,000	92,190
		5.250%	10/01/16	365,000	365,000	74,419
		5.250%	10/01/17	385,000	385,000	54,731
		5.250%	10/01/18	405,000	405,000	33,994
		5.250%	10/01/19	445,000	445,000	11,681
Total Building Authority Refunding Bonds				<u>\$ 4,305,000</u>	<u>\$ 4,275,000</u>	<u>\$ 2,154,774</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - COMMUNITY CENTER RENOVATION  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
12/1/98	\$ 1,800,000	4.500%	10/01/03	50,000	--	--
		4.500%	10/01/04	75,000	75,000	72,875
		4.500%	10/01/05	75,000	75,000	69,500
		4.500%	10/01/06	75,000	75,000	66,125
		4.500%	10/01/07	75,000	75,000	62,750
		4.550%	10/01/08	75,000	75,000	59,356
		4.600%	10/01/09	100,000	100,000	55,350
		4.650%	10/01/10	100,000	100,000	50,725
		4.700%	10/01/11	100,000	100,000	46,050
		4.750%	10/01/12	100,000	100,000	41,325
		4.800%	10/01/13	125,000	125,000	35,950
		4.850%	10/01/14	125,000	125,000	29,919
		4.850%	10/01/15	125,000	125,000	23,856
		4.900%	10/01/16	125,000	125,000	17,763
		4.900%	10/01/17	150,000	150,000	11,025
		4.900%	10/01/18	150,000	150,000	3,675
Total Community Center Renovation Debt				<u>\$ 1,625,000</u>	<u>\$ 1,575,000</u>	<u>\$ 646,244</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
EQUIPMENT LOAN - 800MHZ SYSTEM  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
09/08/99	\$ 913,363	4.720%	11/01/03	72,072	--	--
		4.720%	05/01/04	73,912	--	--
		4.720%	11/01/04	75,593	75,594	7,566
		4.720%	05/01/05	77,510	77,510	5,649
		4.720%	11/01/05	79,287	79,287	3,872
		4.720%	05/01/06	81,231	81,231	1,928
Total Equipment Loan				<u>\$ 459,605</u>	<u>\$ 313,622</u>	<u>\$ 19,015</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - INTERIM FIRE/DPW BUILDING  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
04/01/01	\$ 1,500,000					
		3.900%	10/01/03	\$ 25,000	\$ --	\$ --
		4.000%	10/01/04	25,000	25,000	71,112
		4.100%	10/01/05	50,000	50,000	69,588
		4.200%	10/01/06	50,000	50,000	67,512
		4.300%	10/01/07	50,000	50,000	65,388
		4.350%	10/01/08	50,000	50,000	63,225
		4.400%	10/01/09	75,000	75,000	60,487
		4.500%	10/01/10	75,000	75,000	57,150
		4.600%	10/01/11	75,000	75,000	53,738
		4.700%	10/01/12	75,000	75,000	50,250
		4.800%	10/01/13	100,000	100,000	46,088
		4.900%	10/01/14	100,000	100,000	41,237
		5.000%	10/01/15	100,000	100,000	36,288
		5.100%	10/01/16	100,000	100,000	31,237
		5.150%	10/01/17	125,000	125,000	25,468
		5.200%	10/01/18	125,000	125,000	19,000
		5.250%	10/01/19	150,000	150,000	11,813
		5.250%	10/01/20	150,000	150,000	3,938
Total Interim Fire/DPW Building				<u>\$ 1,500,000</u>	<u>\$ 1,475,000</u>	<u>\$ 773,519</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - FIRE STATION  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
04/01/02	\$ 5,935,000					
		7.5000%	10/01/03	\$ 125,000	\$ --	\$ --
		7.5000%	10/01/04	125,000	125,000	299,013
		7.5000%	10/01/05	125,000	125,000	289,637
		7.5000%	10/01/06	135,000	135,000	279,888
		7.5000%	10/01/07	150,000	150,000	269,200
		7.5000%	10/01/08	150,000	150,000	257,950
		7.5000%	10/01/09	175,000	175,000	245,762
		7.5000%	10/01/10	175,000	175,000	232,638
		7.5000%	10/01/11	200,000	200,000	218,575
		4.5000%	10/01/12	200,000	200,000	206,575
		4.6000%	10/01/13	225,000	225,000	197,012
		4.7000%	10/01/14	225,000	225,000	186,775
		4.7000%	10/01/15	250,000	250,000	175,725
		4.8000%	10/01/16	250,000	250,000	163,975
		4.8500%	10/01/17	275,000	275,000	151,500
		4.8500%	10/01/18	275,000	275,000	138,231
		4.8500%	10/01/19	300,000	300,000	124,287
		4.5000%	10/01/20	325,000	325,000	109,131
		4.5000%	10/01/21	325,000	325,000	93,938
		4.5000%	10/01/22	325,000	325,000	79,312
		4.5000%	10/01/23	375,000	375,000	63,563
		4.5000%	10/01/24	400,000	400,000	46,125
		4.5000%	10/01/25	400,000	400,000	28,125
		4.5000%	10/01/26	425,000	425,000	9,562
Total Fire Station				<u>\$ 5,935,000</u>	<u>\$ 5,810,000</u>	<u>\$ 3,866,499</u>

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF INDEBTEDNESS  
BUILDING AUTHORITY BONDS - POLICE FACILITY  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
04/01/03	\$ 7,500,000					
		3.0000%	10/01/03	\$ 100,000	\$ --	\$ --
		3.0000%	10/01/04	100,000	100,000	293,662
		3.0000%	10/01/05	100,000	100,000	290,663
		3.0000%	10/01/06	150,000	150,000	286,912
		3.0000%	10/01/07	150,000	150,000	282,413
		3.0000%	10/01/08	150,000	150,000	277,912
		3.0000%	10/01/09	175,000	175,000	273,038
		3.1500%	10/01/10	175,000	175,000	267,656
		3.3000%	10/01/11	200,000	200,000	261,600
		3.4000%	10/01/12	200,000	200,000	254,900
		3.5000%	10/01/13	200,000	200,000	248,000
		3.6000%	10/01/14	200,000	200,000	240,900
		3.7000%	10/01/15	250,000	250,000	232,675
		3.8000%	10/01/16	300,000	300,000	222,350
		3.9000%	10/01/17	300,000	300,000	210,800
		4.0500%	10/01/18	350,000	350,000	197,863
		4.1500%	10/01/19	350,000	350,000	183,512
		4.2000%	10/01/20	400,000	400,000	167,850
		4.2500%	10/01/21	400,000	400,000	150,950
		4.2500%	10/01/22	450,000	450,000	132,888
		4.3000%	10/01/23	500,000	500,000	112,575
		4.3500%	10/01/24	550,000	550,000	89,862
		4.4000%	10/01/25	550,000	550,000	65,800
		4.4500%	10/01/26	600,000	600,000	40,350
		4.5000%	10/01/27	600,000	600,000	13,500
				<u>\$ 7,500,000</u>	<u>\$ 7,400,000</u>	<u>\$ 4,798,631</u>
Total Police Facility						

CITY OF WAYNE, MICHIGAN  
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM - ENTERPRISE FUND  
 SCHEDULE OF INDEBTEDNESS  
 MICHIGAN MUNICIPAL BOND AUTHORITY  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
9/28/95	\$ 255,796					
		2.250%	10/01/03	\$ 10,000	\$ --	\$ --
		2.250%	10/01/04	10,000	10,000	3,937
		2.250%	10/01/05	10,000	10,000	3,713
		2.250%	10/01/06	10,000	10,000	3,488
		2.250%	10/01/07	15,000	15,000	3,206
		2.250%	10/01/08	15,000	15,000	2,869
		2.250%	10/01/09	15,000	15,000	2,531
		2.250%	10/01/10	15,000	15,000	2,194
		2.250%	10/01/11	15,000	15,000	1,856
		2.250%	10/01/12	15,000	15,000	1,519
		2.250%	10/01/13	15,000	15,000	1,181
		2.250%	10/01/14	15,000	15,000	844
		2.250%	10/01/15	15,000	15,000	506
		2.250%	10/01/16	15,000	15,000	169
Total Michigan Municipal Bond Authority				<u>\$ 190,000</u>	<u>\$ 180,000</u>	<u>\$ 28,013</u>

CITY OF WAYNE, MICHIGAN  
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM - ENTERPRISE FUND  
 SCHEDULE OF INDEBTEDNESS  
 GENERAL OBLIGATION LIMITED TAX BONDS  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
5/1/97	\$ 1,950,000					
		8.000%	10/01/03	\$ 75,000	\$ --	\$ --
		8.000%	10/01/04	75,000	75,000	--
		5.100%	10/01/05	75,000	--	--
		5.100%	10/01/06	100,000	--	--
		5.100%	10/01/07	100,000	--	--
		5.100%	10/01/08	100,000	--	--
		5.100%	10/01/09	100,000	--	--
		5.100%	10/01/10	125,000	--	--
		5.100%	10/01/11	125,000	--	--
		5.100%	10/01/12	150,000	--	--
		5.100%	10/01/13	150,000	--	--
		5.125%	10/01/14	150,000	--	--
		5.125%	10/01/15	150,000	--	--
		5.125%	10/01/16	150,000	--	--
Total General Obligation Limited Bonds				<u>\$ 1,625,000</u>	<u>\$ 75,000</u>	<u>\$ --</u>

CITY OF WAYNE, MICHIGAN  
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM - ENTERPRISE FUND  
 SCHEDULE OF INDEBTEDNESS  
 MICHIGAN MUNICIPAL BOND AUTHORITY  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
6/26/97	\$ 604,829					
		2.250%	10/01/03	\$ 30,000	\$ --	\$ --
		2.250%	10/01/04	25,000	25,000	8,831
		2.250%	10/01/05	30,000	30,000	8,212
		2.250%	10/01/06	30,000	30,000	7,538
		2.250%	10/01/07	30,000	30,000	6,862
		2.250%	10/01/08	30,000	30,000	6,188
		2.250%	10/01/09	30,000	30,000	5,512
		2.250%	10/01/10	35,000	35,000	4,781
		2.250%	10/01/11	35,000	35,000	3,994
		2.250%	10/01/12	30,000	30,000	3,263
		2.250%	10/01/13	35,000	35,000	2,531
		2.250%	10/01/14	35,000	35,000	1,744
		2.250%	10/01/15	30,000	30,000	1,012
		2.250%	10/01/16	30,000	30,000	338
Total Michigan Municipal Bond Authority				<u>\$ 435,000</u>	<u>\$ 405,000</u>	<u>\$ 60,806</u>

CITY OF WAYNE, MICHIGAN  
 WATER SUPPLY AND SEWAGE DISPOSAL SYSTEM - ENTERPRISE FUND  
 SCHEDULE OF INDEBTEDNESS  
 GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SERIES 2003  
JUNE 30, 2004

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>Annual Interest Payable</u>
11/13/03	\$ 2,720,000					
		2.000%	10/01/04	\$ --	\$ 85,000	\$ 87,694
		2.000%	10/01/05	--	185,000	84,993
		2.000%	10/01/06	--	200,000	81,143
		2.500%	10/01/07	--	200,000	76,644
		3.000%	10/01/08	--	190,000	71,294
		3.250%	10/01/09	--	190,000	65,356
		3.500%	10/01/10	--	240,000	58,069
		3.500%	10/01/11	--	230,000	49,844
		3.550%	10/01/12	--	255,000	41,293
		3.700%	10/01/13	--	270,000	31,771
		3.850%	10/01/14	--	270,000	21,579
		4.000%	10/01/15	--	260,000	11,181
		4.125%	10/01/16	--	145,000	2,991
				<u>\$ --</u>	<u>\$ 2,720,000</u>	<u>\$ 683,852</u>
Total General Obligation Limited Bonds						

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUNDS  
REFUSE COLLECTION AND DISPOSAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 986,136	\$ 984,205	\$ (1,931)
Interest	--	2,461	2,461
Total Revenues	<u>986,136</u>	<u>986,666</u>	<u>530</u>
Expenditures:			
Salaries & Wages	88,088	68,380	19,708
Transportation	44,500	31,910	12,590
Printing & Publication	700	142	558
Sanitation - Rubbish	1,037,057	1,010,995	26,062
Total Expenditures	<u>1,170,345</u>	<u>1,111,427</u>	<u>58,918</u>
Excess of Revenues Over/(Under) Expenditures	<u>(184,209)</u>	<u>(124,761)</u>	<u>59,448</u>
Fund Balance at Beginning of Year	<u>229,352</u>	<u>229,352</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 45,143</u>	<u>\$ 104,591</u>	<u>\$ 59,448</u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
METRO ACT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for Services	\$       --	\$    45,544	\$    45,544
Expenditures:			
Highways and Streets	<u>          --</u>	<u>          --</u>	<u>          --</u>
Excess of Revenues Over Expenditures	<u>          --</u>	<u>        45,544</u>	<u>        45,544</u>
Other Financing Sources:			
Operating Transfers from:			
General Fund	<u>          --</u>	<u>        9,789</u>	<u>        9,789</u>
Excess of Revenue and Other Sources Over Expenditures and Other Uses	<u>          --</u>	<u>        55,333</u>	<u>        55,333</u>
Fund Balance at Beginning of Year	<u>          --</u>	<u>          --</u>	<u>          --</u>
Fund Balance at End of Year	<u><u>          --</u></u>	<u><u>        55,333</u></u>	<u><u>        55,333</u></u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
SPECIAL ASSESSMENT FUND - PUBLIC IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Interest	\$       --	\$     3,194	\$     3,194
Other	10,000	20,114	10,114
Total Revenues	<u>10,000</u>	<u>23,308</u>	<u>13,308</u>
Expenditures:			
Current			
Weed Control	10,000	13,781	(3,781)
Other Functions	--	4,600	(4,600)
Total Expenditures	<u>10,000</u>	<u>18,381</u>	<u>(8,381)</u>
Excess of Revenues Over Expenditures	<u>          --</u>	<u>          4,927</u>	<u>          4,927</u>
Fund Balance at Beginning of Year	<u>          88,953</u>	<u>          88,953</u>	<u>                  --</u>
Fund Balance at End of Year	<u>\$     88,953</u>	<u>\$     93,880</u>	<u>\$     4,927</u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
911 SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Intergovernmental Revenues:			
Other	\$ 100,000	\$ 130,068	\$ 30,068
Other Financing Uses:			
Operating Transfer to General Fund	<u>(100,000)</u>	<u>(130,068)</u>	<u>(30,068)</u>
Excess of Revenues Over Other Uses	--	--	--
Fund Balance at Beginning of Year	<u>          --</u>	<u>          --</u>	<u>          --</u>
Fund Balance at End of Year	<u><u>\$          --</u></u>	<u><u>\$          --</u></u>	<u><u>\$          --</u></u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
FEDERAL GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Intergovernmental Revenue:			
Federal Grant	\$ 196,951	\$ 201,172	\$ 4,221
Interest	--	1,248	1,248
Total Revenues	<u>196,951</u>	<u>202,420</u>	<u>5,469</u>
Other Financing Uses:			
Operating Transfer to:			
General Fund	(196,951)	(193,813)	3,138
Administrative Equip. Rental Fund	--	(8,657)	(8,657)
Total Other Financing Uses	<u>(196,951)</u>	<u>(202,470)</u>	<u>(5,519)</u>
Excess of Revenue Under Other Financing Uses	--	(50)	(50)
Fund Balance at Beginning of Year	<u>50</u>	<u>50</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 50</u>	<u>\$ --</u>	<u>\$ (50)</u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUNDS  
LIBRARY OPERATIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 589,841	\$ 588,682	\$ (1,159)
Intergovernmental Revenues:			
State Grant	39,107	43,715	4,608
Interest and Rents	4,500	5,547	1,047
Other	47,500	179,136	131,636
Total Revenues	<u>680,948</u>	<u>817,080</u>	<u>136,132</u>
Expenditures:			
Library	821,040	783,857	37,183
Total Expenditures	<u>821,040</u>	<u>783,857</u>	<u>37,183</u>
Excess of Revenues Over/(Under) Expenditures	<u>(140,092)</u>	<u>33,223</u>	<u>173,315</u>
Other Financing Sources:			
Operating Transfer from Component Unit: Downtown Development Authority	<u>119,400</u>	<u>--</u>	<u>(119,400)</u>
Excess of Revenue and Other Sources Over/(Under) Expenditures	<u>(20,692)</u>	<u>33,223</u>	<u>53,915</u>
Fund Balance at Beginning of Year	<u>77,331</u>	<u>77,331</u>	<u>--</u>
Fund Balance at End of Year	<u>\$ 56,639</u>	<u>\$ 110,554</u>	<u>\$ 53,915</u>

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

	Budget	June 30, 2004 Actual	Cumulative to 6/30/2004
<u>1991 Program Income</u>			
Revenues:			
Other	\$ 108,254	\$ 103,148	\$ 103,148
Expenditures:			
Housing Rehabilitation #91-31-PI-19	108,254	103,148	103,148
Excess of Revenue Over Expenditures	\$ --	\$ --	\$ --
<u>2001 Grant Year</u>			
Revenues:			
Federal	\$ 21,374	\$ 20,261	\$ 20,261
Expenditures:			
Housing Rehabilitation #01-32-14a	21,374	20,135	20,135
Excess of Revenue Over Expenditures	--	126	126
Other Financing Uses:			
Operating Transfer to General Fund:			
Administration #01-32-14a	--	(126)	(126)
Excess of Revenues Over Expenditures and Other Uses	\$ --	\$ --	\$ --
<u>2002 Grant Year</u>			
Revenues:			
Federal	\$ 224,000	\$ 28,126	\$ 224,000
Expenditures:			
Housing Rehabilitation #02-31-14 01	50,000	--	50,000
Community Housing Rehabilitation #02-31-14 02	88,600	20,334	88,600
Neighborhood Revitalization #02-31-14A 03	30,000	6,852	30,000
Total Expenditures	168,600	27,186	168,600
Excess of Revenue Over Expenditures	55,400	940	55,400
Other Financing Uses:			
Operating Transfer to General Fund:			
Senior Services #02-31-05A	(16,000)	(940)	(16,000)
Administration #02-31-21A	(17,400)	--	(17,400)
Operating Transfer to Capital Projects Fund:			
Recreation - Angelo DeMario Park #02-31-03F	(22,000)	--	(22,000)
Total Other Financing Uses	(55,400)	(940)	(55,400)
Excess of Revenues Over Expenditures and Other Uses	\$ --	\$ --	\$ --

CITY OF WAYNE, MICHIGAN  
SPECIAL REVENUE FUND  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004

<u>2003 Grant Year</u>	<u>Budget</u>	<u>June 30, 2004 Actual</u>	<u>Cumulative to 6/30/2004</u>
Revenues:			
Federal	\$ 208,000	\$ 113,453	\$ 113,453
Expenditures:			
Housing Rehabilitation			
#03-31-14A 01	50,000	--	--
Community Housing Rehabilitation			
#03-31-14A 02	67,279	41,679	41,679
Total Expenditures	<u>117,279</u>	<u>41,679</u>	<u>41,679</u>
Excess of Revenue Over Expenditures	<u>90,721</u>	<u>71,774</u>	<u>71,774</u>
Other Financing Uses:			
Operating Transfer to General Fund:			
Senior Services			
#03-31-05A	(16,000)	(12,974)	(12,974)
Code Enforcement			
#03-31-15	(13,000)	(13,000)	(13,000)
Administration			
#03-31-21A	(15,800)	(15,800)	(15,800)
Operating Transfer to Capital Projects Fund:			
Recreation - Angelo DeMario Park			
#03-31-03F	(45,921)	(30,000)	(30,000)
Total Other Financing Uses	<u>(90,721)</u>	<u>(71,774)</u>	<u>(71,774)</u>
Excess of Revenues Over Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY OF WAYNE, MICHIGAN  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF NET ASSETS  
JUNE 30, 2004

	<u>DPW Equipment Rental Fund</u>	<u>Administrative Equipment Rental Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 618,579	\$ 24,452
Investments	--	--
Accounts Receivable	--	--
Due from Employees	--	--
Due from Other Funds	--	--
Inventory	--	--
Total Current Assets	<u>618,579</u>	<u>24,452</u>
Property, Plant and Equipment	2,851,144	5,262,139
Less: Accumulated Depreciation	(2,029,764)	(3,478,122)
Net Property, Plant and Equipment	<u>821,380</u>	<u>1,784,017</u>
Total Assets	<u>1,439,959</u>	<u>1,808,469</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	6,664	--
Interfund Payables	9,774	--
Accrued Salaries and Wages	--	--
Current Portion of Long-Term Debt	--	54,146
Unsettled Claims - Property Casualty Losses	--	1,473
Unsettled Claims - Worker's Compensation	--	--
Total Current Liabilities	<u>16,438</u>	<u>55,619</u>
Long-Term Debt:		
Lease Payable	--	--
Notes Payable	--	168,844
Less: Current Portion	--	(54,146)
Total Long-Term Debt	<u>--</u>	<u>114,698</u>
Total Liabilities	<u>16,438</u>	<u>170,317</u>
Net Assets:		
Unrestricted	<u>\$ 1,423,521</u>	<u>\$ 1,638,152</u>

Retired Lives Medical Coverage Fund	Risk Management Fund	DPW Services Fund	Administrative Services Fund	Total
\$ 383,369	\$ 3,464,380	\$ 114,823	\$ 48,207	\$ 4,653,810
--	846,327	--	--	846,327
4,097	4,661	20,493	--	29,251
241	4,132	--	--	4,373
--	--	123,800	--	123,800
--	--	192,964	2,493	195,457
<u>387,707</u>	<u>4,319,500</u>	<u>452,080</u>	<u>50,700</u>	<u>5,853,018</u>
--	--	--	25,029	8,138,312
--	--	--	(11,811)	(5,519,697)
--	--	--	<u>13,218</u>	<u>2,618,615</u>
<u>387,707</u>	<u>4,319,500</u>	<u>452,080</u>	<u>63,918</u>	<u>8,471,633</u>
--	9,762	17,552	502	34,480
--	--	--	--	9,774
--	--	82,700	--	82,700
--	--	--	6,441	60,587
--	142,204	--	--	143,677
--	94,815	--	--	94,815
<u>--</u>	<u>246,781</u>	<u>100,252</u>	<u>6,943</u>	<u>426,033</u>
--	--	--	6,441	6,441
--	--	--	--	168,844
--	--	--	(6,441)	(60,587)
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>114,698</u>
<u>--</u>	<u>246,781</u>	<u>100,252</u>	<u>6,943</u>	<u>540,731</u>
<u>\$ 387,707</u>	<u>\$ 4,072,719</u>	<u>\$ 351,828</u>	<u>\$ 56,975</u>	<u>\$ 7,930,902</u>

CITY OF WAYNE, MICHIGAN  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004

	DPW Equipment Rental Fund	Administrative Equipment Rental Fund
Operating Revenues:		
Charges for Services	\$ 639,560	\$ 167,460
Other	--	--
Total Operating Revenues	<u>639,560</u>	<u>167,460</u>
Operating Expenses:		
Salaries and Benefits	198,535	--
Materials and Supplies	92,295	--
Professional Services	9,152	--
Transportation	--	--
Payment and Claims	--	--
Service and Maintenance	57,843	--
Insurance and Bonds	39,100	--
Depreciation	199,835	379,404
Other	200	--
Total Operating Expenses	<u>596,960</u>	<u>379,404</u>
Operating Income/(Loss)	<u>42,600</u>	<u>(211,944)</u>
Non-Operating Revenues/(Expenses):		
Interest Income	2,956	40
Interest Expense	--	(7,366)
Gains/(Loss) from Sale of Fixed Assets	--	(23,294)
Total Non-Operating Revenues/(Expenses)	<u>2,956</u>	<u>(30,620)</u>
Income/(Loss) Before Transfers	<u>45,556</u>	<u>(242,564)</u>
Transfers from/(to) Other Funds:		
Transfers from:		
General Fund	--	--
Federal Grant Fund	--	8,657
Total Transfers from Other Funds	<u>--</u>	<u>8,657</u>
Change in Net Assets	<u>45,556</u>	<u>(233,907)</u>
Net Assets, Beginning of Year	<u>1,377,965</u>	<u>1,872,059</u>
Net Assets, End of Year	<u>\$ 1,423,521</u>	<u>\$ 1,638,152</u>

Retired Lives Medical Coverage Fund	Risk Management Fund	DPW Services Fund	Administrative Services Fund	Total
\$ 1,307,684	\$ 2,087,593	\$ 2,676,944	\$ --	\$ 6,879,241
--	5,971	--	19,852	25,823
<u>1,307,684</u>	<u>2,093,564</u>	<u>2,676,944</u>	<u>19,852</u>	<u>6,905,064</u>
--	159,299	2,205,569	--	2,563,403
--	1,819	213,780	2,955	310,849
--	98,862	--	--	108,014
--	205	16,337	--	16,542
1,125,129	160,047	--	--	1,285,176
--	124,079	--	2,926	184,848
--	1,794,208	--	3,000	1,836,308
--	--	--	4,406	583,645
--	--	--	2,561	2,761
<u>1,125,129</u>	<u>2,338,519</u>	<u>2,435,686</u>	<u>15,848</u>	<u>6,891,546</u>
<u>182,555</u>	<u>(244,955)</u>	<u>241,258</u>	<u>4,004</u>	<u>13,518</u>
1,172	1,403	(188)	--	5,383
--	--	--	(1,758)	(9,124)
--	--	--	--	(23,294)
<u>1,172</u>	<u>1,403</u>	<u>(188)</u>	<u>(1,758)</u>	<u>(27,035)</u>
<u>183,727</u>	<u>(243,552)</u>	<u>241,070</u>	<u>2,246</u>	<u>(13,517)</u>
--	100,000	--	--	100,000
--	--	--	--	8,657
<u>--</u>	<u>100,000</u>	<u>--</u>	<u>--</u>	<u>108,657</u>
<u>183,727</u>	<u>(143,552)</u>	<u>241,070</u>	<u>2,246</u>	<u>95,140</u>
<u>203,980</u>	<u>4,216,271</u>	<u>110,758</u>	<u>54,729</u>	<u>7,835,762</u>
<u>\$ 387,707</u>	<u>\$ 4,072,719</u>	<u>\$ 351,828</u>	<u>\$ 56,975</u>	<u>\$ 7,930,902</u>

CITY OF WAYNE, MICHIGAN  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004  
PAGE 1 OF 2

	<u>DPW Equipment Rental Fund</u>	<u>Administrative Equipment Rental Fund</u>
Cash Flows from Operating Activities:		
Cash Received from Users	\$ 639,633	\$ 167,460
Cash Payments to Suppliers for Goods and Services	(186,880)	--
Cash Payments to Employees for Services	(201,897)	--
Net Cash Provided by Operating Activities	<u>250,856</u>	<u>167,460</u>
Cash Flows Used for Non-Capital Financing Activities:		
Contribution to Other Funds	<u>--</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities:		
Contribution from Other Funds	--	31,165
Acquisition of Capital Assets	(190,680)	(154,347)
Principal Paid on Equipment Contracts	--	(40,788)
Interest Paid on Equipment Contracts	--	(7,764)
Proceeds from Sale of Fixed Assets	--	2,519
Net Cash (Used for) Capital and Related Financing Activities	<u>(190,680)</u>	<u>(169,215)</u>
Cash Flows from Investing Activities:		
Proceeds from Investment Securities	--	--
Interest on Investments	2,956	40
Net Cash Provided by/(Used for) in Investing Activities	<u>2,956</u>	<u>40</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>63,132</u>	<u>(1,715)</u>
Cash and Cash Equivalents at Beginning of Year	<u>555,447</u>	<u>26,167</u>
Cash and Cash Equivalents at End of Year	<u>\$ 618,579</u>	<u>\$ 24,452</u>

Retired Lives Medical Coverage <u>Fund</u>	Risk Management <u>Fund</u>	DPW Services <u>Fund</u>	Administrative Services <u>Fund</u>	<u>Total</u>
\$ 1,306,874	\$ 2,095,403	\$ 2,562,377	\$ 20,032	\$ 6,791,779
(1,125,254)	(1,987,784)	(262,402)	(9,888)	(3,572,208)
--	(159,299)	(2,184,964)	--	(2,546,160)
<u>181,620</u>	<u>(51,680)</u>	<u>115,011</u>	<u>10,144</u>	<u>673,411</u>
--	100,000	--	--	100,000
--	--	--	--	31,165
--	--	--	--	(345,027)
--	--	--	(5,960)	(46,748)
--	--	--	(1,758)	(9,522)
--	--	--	--	2,519
--	--	--	(7,718)	(367,613)
--	633,991	--	--	633,991
1,172	1,403	(188)	--	5,383
<u>1,172</u>	<u>635,394</u>	<u>(188)</u>	<u>--</u>	<u>639,374</u>
182,792	683,714	114,823	2,426	1,045,172
200,577	2,780,666	--	45,781	3,608,638
<u>\$ 383,369</u>	<u>\$ 3,464,380</u>	<u>\$ 114,823</u>	<u>\$ 48,207</u>	<u>\$ 4,653,810</u>

CITY OF WAYNE, MICHIGAN  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

PAGE 2 OF 2

DPW Equipment <u>Rental Fund</u>	Administrative Equipment <u>Rental Fund</u>
--	---

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES

Operating Income/(Loss)	\$ 42,600	\$ (211,944)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	199,835	379,404
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	73	--
(Increase)/Decrease in Inventory	--	--
(Increase)/Decrease in Due from Employees	--	--
(Increase) in Due from Other Funds	--	--
Decrease in Prepaid Items	--	--
Increase/(Decrease) in Accounts Payable	1,936	--
Increase/(Decrease) in Due to Other Funds	9,774	--
Increase/(Decrease) in Accrued Salaries and Wages	(3,362)	--
Increase in Unsettled Claims - Property Casualty Losses	--	--
Increase in Unsettled Claims - Workers Compensation	--	--
Total Adjustments	<u>208,256</u>	<u>379,404</u>
Net Cash Provided by Operating Activities	<u>\$ 250,856</u>	<u>\$ 167,460</u>

Retired Lives Medical Coverage Fund	Risk Management Fund	DPW Services Fund	Administrative Services Fund	Total
\$ 182,555	\$ (244,955)	\$ 241,258	\$ 4,004	\$ 13,518
--	--	--	4,406	583,645
(569)	(620)	9,233	180	8,297
--	--	(928)	1,558	630
(241)	2,459	--	--	2,218
--	--	(123,800)	--	(123,800)
--	14,639	--	--	14,639
(125)	(573)	7,780	(4)	9,014
--	--	(39,137)	--	(29,363)
--	--	20,605	--	17,243
--	83,421	--	--	83,421
--	93,949	--	--	93,949
(935)	193,275	(126,247)	6,140	659,893
\$ 181,620	\$ (51,680)	\$ 115,011	\$ 10,144	\$ 673,411

CITY OF WAYNE, MICHIGAN  
BALANCE SHEET  
MAJOR COMPONENT UNIT  
DOWNTOWN DEVELOPMENT AUTHORITY  
JUNE 30, 2004

ASSETS

Assets:	
Cash and Cash Equivalents	\$ 2,403,318
Investments	260,169
Due from Other Governmental Units	58,186
Prepaid Items	<u>4,851</u>
Total Assets	<u>\$ 2,726,524</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 71,987
Contracts Payable Retainage	37,135
Accrued Salaries and Wages	6,957
Deferred Revenue	<u>58,186</u>
Total Liabilities	<u>174,265</u>
Fund Balance:	
Reserved for Prepaid Items	4,851
Designated for Non-Current Liability	110,000
Unreserved, Undesignated	<u>2,437,408</u>
Total Fund Balance	<u>2,552,259</u>
Total Liabilities and Fund Balance	<u>\$ 2,726,524</u>

CITY OF WAYNE, MICHIGAN  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 MAJOR COMPONENT UNIT  
 DOWNTOWN DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2004

Revenues:		\$	5,550,712
Taxes			120,463
Intergovernmental			17,652
Interest and Rents			431,405
Other			<u>6,120,232</u>
Total Revenues			<u>6,120,232</u>
Expenditures:			
Current:			
Other Functions			5,417,766
Capital Outlay			<u>418,597</u>
Total Expenditures			<u>5,836,363</u>
Excess of Revenues Over Expenditures			<u>283,869</u>
Fund Balance at Beginning of Year			<u>2,268,390</u>
Fund Balance at End of Year		\$	<u><u>2,552,259</u></u>

**POST, SMYTHE, LUTZ & ZIEL LLP**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

September 21, 2004

To the City Council  
City of Wayne, Michigan

Compliance

We have audited the compliance of City of Wayne, Michigan, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. City of Wayne, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Wayne, Michigan's management. Our responsibility is to express an opinion on City of Wayne, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Wayne, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Wayne, Michigan's compliance with those requirements.

In our opinion, City of Wayne, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of City of Wayne, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Wayne, Michigan's internal control over compliance with requirements that could have a direct and material effect on a

To the City Council  
September 21, 2004  
Page 2

major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



**POST, SMYTHE, LUTZ & ZIEL LLP**  
Certified Public Accountants  
Wayne, Michigan

CITY OF WAYNE, MICHIGAN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2004

	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Accrued or (Deferred) Revenue July 1, 2003
<u>U.S. Department of Housing and Urban Development</u>				
Urban Development	14.218	91-31-PI-19	\$ 108,254	\$ (182)
Pass through Wayne County:				
Community Development Block Grant	14.218	98-32-14a	--	--
Entitlement (MAJOR PROGRAM)	14.218	01-31	21,374	--
	14.218	02-31	224,000	74,877
	14.218	03-31	208,000	--
			<u>561,628</u>	<u>74,695</u>
Total U.S. Department of Housing and Urban Development				
<u>Executive Office of the President</u>				
Pass through Downriver Community Conference:				
High Intensity Drug Trafficking Area	N/A		3,476	--
<u>U.S. Department of Justice</u>				
State Homeland Security Grant	16.007		9,000	--
2002 Byrne Formula Grant	16.579	2002-DB-BX-0026	44,376	22,508
2001 Local Law Enforcement Block Grants Program - Equip	16.592	2001-LB-BX-3991	38,254	(12,133)
2002 Local Law Enforcement Block Grants Program - Equip	16.592	2002-LB-BX-1323	31,285	(31,285)
2003 Local Law Enforcement Block Grants Program - Equip	16.592	2003-LB-BX-0584	23,094	--
2003 Bulletproof Vest Partnership Grant Program	16.607		--	--
Federal Equitable Sharing Agreement	Unavailable		47,702	--
Pass through Michigan Family Independence Agency:				
2003 Juvenile Accountability Incentive Grant	16.540	03-82024	9,714	50
2004 Juvenile Accountability Incentive Grant	16.540	04-82024	9,714	--
Title V Juvenile Delinquency Prevention Grant	16.54		24,990	--
			<u>238,129</u>	<u>(20,860)</u>
Total U.S. Department of Justice				
<u>U.S. Department of Interior</u>				
In Lieu of Taxes	14.857		--	--
<u>U.S. Department of Transportation</u>				
2002 HMEP Planning Grant	20.703		645	--
<u>Institute of Library and Museum Services</u>				
Museum CAP Grant	45.304		7,890	(7,890)
<u>Federal Emergency Management Agency</u>				
Pass through State of Michigan:				
Assistance to Firefighters Grant Program	83.554	EMW-2003-FG-07532	6,480	--
Emergency Management - State and Local Assistance:				
2003 Program Year	83.552		22,300	16,725
2004 Program Year	83.552		12,351	--
2002 Supplemental Grant	83.562		13,748	7,340
2003 Supplemental Grant	83.552		51	--
Public Assistance Grant	97.036	FEMA-3189-EM	14,801	--
2002 Supplemental Grant	97.051		1,313	--
			<u>71,044</u>	<u>24,065</u>
Total Federal Emergency Management Assistance				
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction:				
Michigan Ave. East Landscaping	20.205	ENH-97061-2000	71,714	4,022
Michigan Ave. East Landscaping	20.205	ENH-98107	95,106	4,755
Wayne Road Corridor Improvements - Phase III-B	20.205	ENH-00254	54,189	10,621
Wayne Road Corridor Improvements - Phase IV	20.205	ENH-01351	168,759	50,819
Michigan Ave. Corridor Improvements	20.205	ENH-01351	241,437	16,929
			<u>631,205</u>	<u>87,146</u>
Total U.S. Department of Transportation				
Total Federal Assistance			<u>\$ 1,514,017</u>	<u>\$ 157,156</u>

Note: This schedule was prepared on the accrual basis of accounting except for the 2003-04 Receipts column

- (1) 2003-04 program income receipts.
- (2) The negative amounts represent previous years' expenditures that were ultimately funded through local sources.

2003-2004 Receipts (Cash Basis)	2003-2004 Adjustments	(Memo Only) 2002-2003 Expenditures	2003-2004 Expenditures	Accrued or (Deferred) Revenue June 30, 2004
\$ --	\$ 108,072 (1)	\$ 98,775	\$ 103,148	\$ (5,106)
--	--	--	--	--
20,261	--	77,336	20,261	--
103,003	--	195,874	28,126	--
102,956	--	--	129,374	26,418
<u>226,220</u>	<u>108,072</u>	<u>371,985</u>	<u>280,909</u>	<u>21,312</u>
3,476	--	--	3,476	--
--	--	--	6,528	6,528
22,508	--	22,508	--	--
--	--	26,121	12,133	--
--	--	--	31,285	--
23,094	--	--	6,053	(17,041)
673	--	2,150	673	--
47,702	--	--	47,702	--
7,858	--	1,799	7,808	--
--	--	--	--	--
17,801	--	--	24,104	6,303
<u>119,636</u>	<u>--</u>	<u>52,578</u>	<u>136,286</u>	<u>(4,210)</u>
7,249	--	20,610	7,249	--
645	--	--	645	--
--	--	--	7,890	--
6,480	--	--	6,480	--
22,300	--	16,725	5,575	--
--	--	--	9,263	9,263
13,748	--	7,340	6,408	--
51	--	--	51	--
14,801	--	--	14,801	--
1,313	--	--	1,313	--
<u>58,693</u>	<u>--</u>	<u>24,065</u>	<u>43,891</u>	<u>9,263</u>
--	--	--	(4,022) (2)	--
--	--	--	(4,755) (2)	--
--	--	47,243	(8,176) (2)	2,445
--	--	159,089	(18,415) (2)	32,404
147,282	--	16,929	153,690	23,337
<u>147,282</u>	<u>--</u>	<u>223,261</u>	<u>118,322</u>	<u>58,186</u>
\$ 563,201	\$ 108,072	\$ 692,499	\$ 598,668	\$ 84,551

CITY OF WAYNE, MICHIGAN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2004

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Reportable condition(s) identified

not considered to be material weaknesses?

\_\_\_\_\_ Yes        X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Reportable condition(s) identified not considered  
to be material weaknesses?

\_\_\_\_\_ Yes        X   None Reported

Type of auditor's report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in  
accordance with Circular A-133, Section .510(a)?

\_\_\_\_\_ Yes        X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.218

Community Development Block Grant

---

Dollar threshold used to distinguish  
between Type A and Type B programs

\$   300,000  

Auditee qualified as low-risk auditee?

  X   Yes      \_\_\_\_\_ No

**Section II - Financial Statement Findings**

*No findings reported*

**Section III - Federal Award Findings and Questioned Costs**

*No findings reported*

**Section IV - Prior Year Findings**

*No findings reported*

Table 1

CITY OF WAYNE, MICHIGAN  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>	<u>Special Assessments</u>
1995	\$ 6,180,640	\$ 419,500	\$ 3,622,468	\$ 984,842	\$ 149,436
1996	6,971,550	222,853	3,840,586	999,905	91,028
1997	7,282,070	215,143	3,874,618	1,170,429	170,309
1998	6,994,583	274,548	4,319,494	1,362,151	94,421
1999	7,455,396	245,981	4,404,362	1,371,385	83,526
2000	7,454,674	348,848	4,605,751	1,635,969	59,721
2001	7,570,819	325,505	4,879,167	1,874,937	53,704
2002	7,804,024	309,535	4,497,301	2,022,295	53,095
2003	8,094,626	391,248	4,253,497	1,971,753	53,095
2004	8,732,052	438,956	4,080,496	1,849,320	53,095

Table 2

CITY OF WAYNE, MICHIGAN  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Services</u>	<u>Highways and Streets</u>	<u>Sanitation</u>
1995	\$ 3,413,534	\$ 5,029,472	\$ 1,286,274	\$ 725,091	\$ 876,434
1996	3,192,537	5,306,695	1,363,320	969,565	854,845
1997	3,354,586	5,463,956	1,392,402	915,078	834,168
1998	3,440,534	5,736,068	1,461,373	959,509	870,467
1999	3,145,924	6,227,098	1,509,068	1,022,541	915,004
2000	3,506,919	6,147,276	1,475,251	1,000,086	879,039
2001	3,850,781	6,594,542	1,712,308	1,100,081	953,687
2002	3,923,858	7,344,555	1,572,348	1,194,455	972,046
2003	3,945,424	7,339,876	1,515,262	971,655	1,113,574
2004	3,475,235	7,839,556	1,489,784	1,050,677	1,111,427

Note:

(1) Includes General, Special Revenue and Debt Service Funds.

<u>Fines and Forfeitures</u>	<u>Interest and Rents</u>	<u>Other</u>	<u>Total</u>
\$ 482,582	\$ 378,060	\$ 668,295	\$ 12,885,823
527,583	398,153	758,832	13,810,490
633,593	441,583	892,667	14,680,412
676,688	413,155	572,182	14,707,222
605,055	409,023	758,359	15,333,087
589,405	575,397	938,920	16,208,685
457,107	547,849	908,954	16,618,042
428,463	264,229	856,119	16,235,061
539,933	151,604	4,704,097	20,159,853
497,099	100,593	5,061,491	20,813,102

<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Total</u>
\$ 2,091,547	\$ 436,551	\$ 13,858,903
2,461,963	866,625	15,015,550
3,592,769	929,836	16,482,795
3,924,165	903,523	17,295,639
3,954,833	989,820	17,764,288
4,133,517	1,080,962	18,223,050
4,440,841	1,062,562	19,714,802
4,730,655	1,122,530	20,860,447
4,298,500	1,367,850	20,552,141
4,010,254	1,649,625	20,626,558

Table 3

CITY OF WAYNE, MICHIGAN  
AD VALOREM PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Total City Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1995	\$ 6,263,931	\$ 6,017,615	96.1%	\$ 232,672
1996	7,475,825	7,238,090	96.8%	242,402
1997	8,145,408	7,799,353	95.8%	259,343
1998	7,618,510	7,327,710	96.2%	304,379
1999	7,871,281	7,517,842	95.5%	299,309
2000	8,141,269	7,816,741	96.0%	323,593
2001	8,406,199	8,052,609	95.8%	288,967
2002	8,987,871	8,584,191	95.5%	331,654
2003	9,507,974	8,981,799	94.5%	429,407
2004	10,743,808	10,239,046	95.3%	69,287

- (1) Combination of uncollectible personal and real property taxes and prior year adjustments authorized by the Michigan Tax Tribunal.

<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>(1) Adjustments</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Tax to Tax Levy</u>
\$ 6,250,287	99.8%	\$ (1,151)	\$ 275,516	4.4%
7,480,492	100.1%	(17,572)	253,277	3.4%
8,058,696	98.9%	(1,823)	338,166	4.2%
7,632,089	100.2%	--	324,587	4.3%
7,817,151	99.3%	(4,512)	374,205	4.8%
8,140,334	99.9%	(3,793)	371,347	4.6%
8,341,576	99.2%	3,501	439,471	5.2%
8,915,845	99.2%	13,552	525,049	5.8%
9,411,206	99.0%	1,905	623,721	6.6%
10,308,333	95.9%	--	576,772	5.4%

Table 4

CITY OF WAYNE, MICHIGAN  
STATE EQUALIZED VALUE AND TAXABLE VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	<u>State Equalized Value (1) - General Ad Valorem Property</u>			Percent of <u>True Value</u>
	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>	
1995	\$ 249,441,290	\$ 72,216,490	\$ 321,657,780	50.0
1996	263,308,476	92,069,000	355,377,476	50.0
1997	279,932,660	102,208,300	382,140,960	50.0
1998	300,745,794	97,280,930	398,026,724	50.0
1999	319,310,870	105,025,110	424,335,980	50.0
2000	342,639,800	103,512,300	446,152,100	50.0
2001	372,802,131	105,635,000	478,437,131	50.0
2002	412,618,005	128,045,000	540,663,005	50.0
2003	453,643,625	135,302,807	588,946,432	50.0
2004	487,323,116	161,009,300	648,332,416	50.0

Fiscal Year Ended June 30,	<u>Taxable Value (1) - General Ad Valorem Property</u>		
	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
1995	\$ 249,441,290	\$ 72,216,490	\$ 321,657,780
1996	259,456,672	92,069,000	351,525,672
1997	272,159,432	102,208,300	374,367,732
1998	288,103,230	97,280,930	385,384,160
1999	297,907,183	105,025,110	402,932,293
2000	308,254,662	103,512,300	411,766,962
2001	321,571,956	105,382,991	426,954,947
2002	336,043,812	127,832,746	463,876,558
2003	356,767,956	135,102,234	491,870,190
2004	377,241,140	160,921,900	538,163,040

Note:

- (1) Values are taken from the Wayne County Equalization Report published in the Spring of the tax year. Values are based on assessments as of December 31, in the year prior to the tax year. For fiscal year ending June 30, 2004, the tax year is 2003.

State Equalized Value (1) - Act 198 & 255 Property

	<u>Act 198</u>	<u>Act 255</u>	<u>Total</u>	<u>Grand Total</u>
\$	168,332,440	\$ --	\$ 168,332,440	\$ 489,990,220
	148,628,050	--	148,628,050	504,005,526
	172,259,990	--	172,259,990	554,400,950
	218,188,500	--	218,188,500	616,215,224
	209,586,720	--	209,586,720	633,922,700
	208,209,570	--	208,209,570	654,361,670
	198,231,105	--	198,231,105	676,668,236
	189,159,200	--	189,159,200	729,822,205
	160,552,700	--	160,552,700	749,499,132
	108,013,100	--	108,013,100	756,345,516

Taxable Value (1) - Act 198 & 255 Property

	<u>Act 198</u>	<u>Act 255</u>	<u>Total</u>	<u>Grand Total</u>	<u>Taxable Percent of SEV</u>
\$	168,332,440	\$ --	\$ 168,332,440	\$ 489,990,220	100.0%
	148,628,050	--	148,628,050	500,153,722	99.2%
	172,259,990	--	172,259,990	546,627,722	98.6%
	218,188,500	--	218,188,500	603,572,660	97.9%
	209,586,720	--	209,586,720	612,519,013	96.6%
	208,209,570	--	208,209,570	619,976,532	94.7%
	198,231,105	--	198,231,105	625,186,052	92.4%
	189,159,200	--	189,159,200	653,035,758	89.6%
	160,479,259	--	160,479,259	652,349,449	87.0%
	107,904,079	--	107,904,079	646,067,119	85.4%

Table 5

CITY OF WAYNE, MICHIGAN  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

PROPERTY TAX RATES (Per \$1,000 of State Equalized Value)

Fiscal Year Ended June 30,	City of Wayne (1)							1987	Total
	Operating	Retirement	CWCSA (2)	Debt Service	Refuse Disposal Act 298	Library (4)	Recreation (5)	Road Program (6)	
1995 (3)	14.4600	0.9600	0.4900	0.5500	1.5900			1.45	19.5000
1996	14.4600	0.9600	0.4900	0.5400	1.6000	0.7500	1.0000	1.45	21.2500
1997	14.4600	0.9600	0.4600	0.4600	1.4600	1.0000	1.0000	1.45	21.2500
1998	14.5300	0.9600	0.4600	0.4100	1.3900	1.0000	1.0000	--	19.7500
1999	14.5380	0.9620	0.4400	0.3900	1.4200	1.0000	1.0000	--	19.7500
2000	14.5380	0.9620	0.3720	0.3770	1.5010	1.0000	1.0000	--	19.7500
2001	14.5360	0.9620	0.3720	0.3837	1.4960	1.0000	1.0000	--	19.7500
2002	14.5360	0.9620	--	0.3837	1.4960	1.0000	1.0000	--	19.3780
2003	14.5370	0.9620	--	0.1800	1.6717	1.0000	1.0000	--	19.3510
2004	14.5365	0.9620	--	0.7000	1.6717	0.9999	0.9999	--	19.8710

Notes:

- (1) These rates are approved by Council in the detail shown. The amount actually applied by the County to the tax bill is rounded up to four (4) decimals. Tax rates for fiscal year 2004 are for taxes billed in 2003.
- (2) Central Wayne County Sanitation Authority. Expired after December 31, 2001.
- (3) Proposal A adopted in 1994 lowered school tax millage rates, allowed a Homestead Exemption on owner-occupied homes and created a State property tax for education.
- (4) Library millage levied in accordance with Michigan Public Act 164.
- (5) Voted one mill for Recreation.
- (6) Voted 1.50 mills for 1987 Road Millage. Expired after December 31, 1996.
- (7) Transit Authority millage passed on May 26, 1995, to partially fund public bus transportation.

<u>Wayne Westland Community Schools</u>	<u>State Education Tax</u>	<u>Intermediate School and Special Education</u>	<u>Wayne County Community College</u>	<u>Huron- Clinton Metro Park Authority</u>	<u>Wayne County Transit Authority (7)</u>	<u>Wayne County</u>	<u>Total All Rates Non Hmstd</u>	<u>Homestead 100% Tax Credit</u>	<u>Total All Rates Homestead</u>
20.8600	6.0000 (3)	2.0000	1.2800	0.2300		7.6900	57.5600	(18.00)	39.5600
23.3800	6.0000	2.0000	1.2800	0.2300	0.3300	7.6900	62.1600	(18.00)	44.1600
23.1000	6.0000	2.0000	1.2800	0.2300	0.3300	7.6900	61.8800	(18.00)	43.8800
19.5200	6.0000	2.0000	1.2000	0.2300	0.3300	7.9400	56.9700	(18.00)	38.9700
23.1400	6.0000	2.0000	1.1500	0.2300	0.3300	7.9400	60.5400	(18.00)	42.5400
23.1400	6.0000	2.0000	1.0100	0.2200	0.3300	7.9100	60.3600	(18.00)	42.3600
23.1400	6.0000	1.9800	1.0000	0.2200	0.3300	7.8500	60.2700	(18.00)	42.2700
23.0000	6.0000	1.9700	2.5000	0.2200	0.3200	7.8500	61.2380	(18.00)	43.2380
22.7000	6.0000	3.4600	2.4900	0.2200	0.6000	7.8200	62.6410	(18.00)	44.6410
23.1300	5.0000	3.4643	2.4862	0.2161	0.5980	7.8220	62.5900	(18.00)	44.5900

Table 6

CITY OF WAYNE, MICHIGAN  
PRINCIPAL TAXPAYERS  
JUNE 30, 2004  
PAGE 1 OF 2

AD VALOREM AND ACTS

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>			<u>Percentage of City of Wayne Total Taxable Value (Incl. Acts)</u>
		<u>General Ad Valorem</u>	<u>Acts (50%)</u>	<u>Total Acts &amp; Ad Val</u>	
Ford Motor Company	Automobile and Truck Manufacturer	\$ 173,908,075	\$ 90,855,000	\$ 264,763,075	41.1%
Detroit Edison	Electric Utility	6,944,400	--	6,944,400	1.1%
Russo Properties	Warehousing	5,454,055	--	5,454,055	0.8%
Ringmasters	Steeled Rolled Ring Manufacturer	4,090,835	--	4,090,835	0.6%
Dietz Organization	Warehousing	3,997,772	--	3,997,772	0.6%
Westchester Towers Apts	Property Management	3,312,320	--	3,312,320	0.5%
Connell Finance Co.	Leasing	2,339,300	--	2,339,300	0.4%
Consumers Power	Utility	2,411,458	--	2,411,458	0.4%
Unistrut Corp	Manufacturing	3,541,563	--	3,541,563	0.6%
Ferrolux Metals	Manufacturing	2,219,000	--	2,219,000	0.3%
Total		<u>\$ 208,218,778</u>	<u>\$ 90,855,000</u>	<u>\$ 299,073,778</u>	<u>46.4%</u>

Table 6

CITY OF WAYNE, MICHIGAN  
PRINCIPAL TAXPAYERS  
JUNE 30, 2004  
(PAGE 2 OF 2)

Note: (Continued)

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value". Beginning in 1995, taxable property will have two valuations - State Equalized Valuation ("SEV") and Taxable Value. Property taxes will be levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

The constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessment. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data. Property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended ("Act 198"), or Act 255, Public Acts of Michigan, 1978, as amended ("Act 255"), is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in the Ad Valorem roll data except as noted.

Table 7

CITY OF WAYNE, MICHIGAN  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Current Assessment Due					
	Billings			Current Assessments Collected	Ratio Collections to Amount Due	Total Assessments Outstanding
	Principal	Interest	Total			
1995	\$ 87,824	\$ 13,068	\$ 100,892	\$ 101,705	\$ 100.8	\$ 20,179
1996	77,885	13,064	90,950	37,541	41.3	73,588
1997	72,869	13,274	86,143	141,537	164.3	18,194
1998	73,944	12,660	86,604	98,033	113.2	6,765
1999	77,153	13,601	90,754	69,883	77.0	20,871
2000	67,801	10,388	78,189	67,306	86.1	10,883
2001	64,698	10,910	75,608	62,399	82.5	13,209
2002	62,338	10,436	72,774	58,745	80.7	14,029
2003	53,927	8,334	62,261	59,245	95.2	3,016
2004	63,122	6,557	69,679	63,442	91.0	6,237

Table 8

CITY OF WAYNE, MICHIGAN  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2004

2003 State Equalized Valuation			\$	648,332,416
Plus Assessed Value Equivalent				
2003 SEV of Act 198				108,013,100
Total Valuation			\$	<u>756,345,516</u>
Debt Limit (10% of State Equalized Valuation)			\$	75,634,552
Amount of Outstanding Debt (Table 9)		\$	25,215,000	
Less: (2-c) Transportation Funds	\$	(75,000)		
(2-f) Refuse Disposal Bonds		(657,037)		
(2-g) Combined Sewer Overflow		<u>(3,380,000)</u>		
				<u>21,102,963</u>
LEGAL DEBT MARGIN			\$	<u>54,531,589</u>

- (1) Act 279, Public Acts of Michigan, 1909, as amended, and the City Charter of the City, provide that the net indebtedness of the City shall not exceed 10% of all assessed real and personal property in the City, plus assessed value equivalent of Act 198 specific tax levies.
- (2) Bonds which are not included in the computation of legal debt margin according to said Act 279 are:
  - (a) Special Assessment Bonds;
  - (b) Mortgage Bonds;
  - (c) Michigan Transportation Fund Bonds and Notes;
  - (d) Revenue Bonds;
  - (e) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction;
  - (f) Bonds issued, or contract or assessment obligations incurred for water supply, sewerage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
  - (g) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility;
  - (h) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 202, Public Acts of Michigan, 1943, as amended.
- (3) Act 99 of 1933, as amended, provides for the acquisition of any real or personal property through the use of contract or agreement to be paid for in installments, provided the outstanding balance of all such purchases, exclusive of interest, shall not exceed 1 1/4% of the taxable value of real and personal property in the City.

Table 9

CITY OF WAYNE, MICHIGAN  
DIRECT AND OVERLAPPING DEBT  
AT JUNE 30, 2004

			Principal Amount Outstanding
<b>DIRECT DEBT:</b>			
<b>General Obligation Bonds</b>			
09/25/95	Sewer Separation LT, Series A (SRF)	\$	180,000
05/01/97	Sewer Equalization Basin LT, Series A		75,000
06/26/97	Sewer Equalization Basin LT, Series B (SRF)		405,000
11/13/03	Sewer Refunding Bonds, Series 2003		2,720,000
		\$	3,380,000
<b>Building Authority Bonds</b>			
02/01/95	Aquatic Center LT		300,000
03/01/96	Senior Center/Aquatic Center LT		1,000,000
08/01/97	Aquatic Center Refunding LT		4,275,000
12/01/98	Community Center		1,575,000
04/01/01	DPW Building Site		1,475,000
04/01/02	Fire Station		5,810,000
04/01/03	Police Facility		7,400,000
			21,835,000
<b>Michigan Transportation Fund (MTF) Bonds</b>			
10/01/94	Heywood Street LT		75,000
<b>Share of Central Wayne County Sanitation Authority (1)</b>			
05/01/92	Incinerator Revenue Series V		48,642
08/20/96	Incinerator Revenue Series VI		105,760
09/01/99	Incinerator Revenue Refunding, Series 1999		298,117
04/22/03	Incinerator Revenue Series VII		204,518
			657,037
<b>TOTAL DIRECT DEBT</b>			<b>25,947,037</b>
<b><u>Less Deductions</u></b>			
<b>Self-Supporting Debt</b>			
	MTF Bonds		(75,000)
	Incinerator Revenue Bonds		(657,037)
			(732,037)
<b>NET DIRECT DEBT</b>			<b>\$ 25,215,000</b>
<b>OVERLAPPING DEBT (2):</b>			
	City Share as Percent <u>of Gross</u>		
23.69%	Wayne-Westland School District	103,210,000	24,450,449
1.24%	Wayne County @ Large	122,525,993	1,519,322
1.98%	Wayne Community College	76,105,000	1,506,879
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 27,476,650</b>
<b>NET DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 52,691,650</b>
(1) Allocated by City percentage (7.43%) of total member units' tonnage for the last three years. Must be reallocated each year.			
(2) Source: Municipal Advisory Council of Michigan			
<b>PER CAPITA DEBT: 2003 Population (19,051)</b>			
	Net Direct Debt		\$1,323.55
	Net Direct and Overlapping Debt		\$2,765.82
<b>PERCENT OF 2003 STATE EQUALIZED VALUE (\$648,332,416)</b>			
	Net Direct Debt		3.89%
	Net Direct and Overlapping Debt		8.13%
<b>PERCENT OF 2003 TAXABLE VALUE (\$538,163,040)</b>			
	Net Direct Debt		4.69%
	Net Direct and Overlapping Debt		9.79%

Table 10

CITY OF WAYNE, MICHIGAN  
 RATIO OF NET GENERAL BONDED DEBT TO EQUALIZED VALUE  
 AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>(1) Population</u>	<u>Equalized Value</u>	<u>Gross Bonded Debt</u>	<u>Less Self-Supporting Debt and Debt Service Funds</u>
1995	19,899	\$ 321,657,780	\$ 7,960,560	\$ 402,308
1996	19,899	355,377,476	10,441,300	1,754,219
1997	19,899	382,140,960	11,942,040	3,648,305
1998	19,899	398,026,724	14,198,652	1,799,544
1999	19,899	424,335,980	14,316,152	1,398,163
2000	19,051	446,152,100	14,316,152	1,327,063
2001	19,051	478,437,131	15,113,401	1,323,572
2002	19,051	540,663,005	19,633,872	788,872
2003	19,051	588,946,432	26,565,412	775,412
2004	19,051	648,332,416	25,947,037	732,037

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
 GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS

Debt Service Requirements

<u>Fiscal Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 265,000	\$ 171,551	\$ 436,551
1996	325,000	541,625	866,625
1997	380,000	549,836	929,836
1998	405,000	498,523	903,523
1999	520,000	469,820	989,820
2000	535,000	545,962	1,080,962
2001	580,000	482,562	1,062,562
2002	605,000	517,530	1,122,530
2003	605,000	762,332	1,367,332
2004	605,000	1,044,625	1,649,625

Note:

- (1) Population source: 1990 and 2000 census.
- (2) Includes general, special revenue and debt service funds.

	<u>Net Bonded Debt</u>	<u>Net Bonded Debt Per Capita</u>	<u>Net Bonded Debt Percent of Equalized Value</u>
\$	7,558,252	380	2.3 %
	8,687,081	437	2.4 %
	8,293,735	417	2.1 %
	12,399,108	623	3.1 %
	12,917,989	687	3.2 %
	12,989,089	644	2.9 %
	13,789,829	724	2.8 %
	18,845,000	989	3.5 %
	25,790,000	1,354	4.4 %
	25,215,000	1,324	3.9 %

	<u>(2) Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
\$	13,858,903	3.15
	15,015,550	5.77
	16,482,795	5.64
	17,295,639	5.22
	17,764,288	5.57
	18,223,050	5.93
	19,714,802	5.39
	20,860,447	5.38
	19,580,486	6.98
	19,573,421	8.43

Table 11

CITY OF WAYNE, MICHIGAN  
REVENUE BOND COVERAGE - WATER AND SEWAGE BONDS  
LAST TEN FISCAL YEARS

Fiscal Year Ended <u>June 30,</u>	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service	
				Principal	Interest
1995	\$ 4,876,050	\$ 4,061,962	\$ 814,088	\$ 44,260	\$ 10,254
1996	5,970,297	3,898,795	2,071,502	69,260	85,672
1997	5,242,726	3,734,017	1,508,709	94,260	112,284
1998	5,266,209	3,729,277	1,536,932	94,260	181,914
1999	5,389,034	4,278,950	1,110,084	169,260	195,310
2000	5,724,853	4,823,889	900,964	169,260	188,270
2001	5,562,465	4,917,395	645,070	169,260	178,835
2002	5,316,328	5,081,310	235,018	164,829	169,569
2003	6,020,010	5,304,423	715,587	160,000	160,338
2004	6,374,149	5,257,698	1,116,451	165,000	100,643

Note:

- (1) Gross revenue includes operating and non-operating revenues.
- (2) Direct operating expenses are operating expenses net of depreciation.

<u>Requirements</u>		<u>Bond</u>	<u>Bonds</u>
<u>Total</u>	<u>Coverage</u>	<u>Reserve</u>	<u>Payable</u>
\$ 54,514	14.93	\$ 44,260	\$ 265,558
154,932	13.37	69,260	1,596,299
206,544	7.30	94,260	3,641,010
276,174	5.57	119,260	4,133,487
364,570	3.05	169,260	4,063,349
357,530	2.52	169,260	3,894,089
348,095	1.85	164,829	3,724,829
334,398	0.70	160,000	3,560,000
320,338	2.23	165,000	3,400,000
265,643	4.21	195,000	3,380,000

Table 12

CITY OF WAYNE, MICHIGAN  
 DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1995	19,899	N/A	32.20	14,716	03.5%
1996	19,899	N/A	32.20	14,915	03.1%
1997	19,899	N/A	32.20	14,977	02.7%
1998	19,899	N/A	32.20	14,714	02.5%
1999	19,899	N/A	32.20	14,675	02.4%
2000	20,165	\$ 21,326	34.70	14,392	02.2%
2001	19,051	21,326	34.70	14,234	03.4%
2002	19,051	21,326	34.70	14,190	04.2%
2003	19,051	21,326	34.70	14,111	05.3%
2004	19,051	21,326	34.70	N/A	N/A

Sources:

- (1) 2000 U.S. Census; Median Household Income \$46,397 (Source: 1999 Dollars; 2000 Census)
- (2) U.S. Bureau of Census - Detroit Regional Office.
- (3) Wayne Westland Community Schools student full time equivalent through K-12 (unaudited) as reported for State Aid membership purposes as of September 24, 2003.
- (4) Michigan Jobs Commission - Employment Service Agency, Office of Labor Market Information. Rate is calendar year annual average. Calendar year average after nine months is 5.2%.

Table 13

CITY OF WAYNE, MICHIGAN  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

Property Value (1)

<u>Fiscal Year Ended June 30,</u>	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
1995	\$ 337,610,150	\$ 152,380,070	\$ 489,990,220
1996	342,866,840	161,139,046	504,005,886
1997	383,617,890	170,783,060	554,400,950
1998	434,469,430	181,745,794	616,215,224
1999	438,685,760	195,236,940	633,922,700
2000	439,814,390	214,547,280	654,361,670
2001	441,006,480	235,661,756	676,668,236
2002	467,947,200	261,875,005	729,822,205
2003	463,131,366	286,316,300	749,447,666
2004	444,929,600	311,415,916	756,345,516

Note:

- (1) State Equalized Values. Wayne County Equalization Report 2003.
- (2) Actual building permits issued as of December 31.
- (3) Source: [www.fdic.gov](http://www.fdic.gov). This figure represents millions.
- (4) June 30, 2004 not available at this time.

Construction (2)

<u>Commercial Construction</u>		<u>Industrial Construction</u>		<u>Residential Construction</u>		<u>Bank Deposits (3)</u>
<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
29	2,978,825	10	12,662,900	355	2,664,862	265,144
34	11,831,522	16	42,776,490	375	1,878,426	260,931
37	3,546,968	7	7,727,890	334	1,795,062	214,119
62	8,017,582	9	10,783,821	379	2,253,966	272,798
56	11,775,210	3	1,025,000	551	2,654,512	273,797
59	12,841,388	4	401,706	545	2,793,442	224,194
67	14,866,594	1	356,000	519	3,792,732	273,566
42	3,470,229	2	668,000	549	8,930,983	218,329
58	28,744,471	--	--	543	6,185,234	193,467
42	11,900,839	--	--	658	6,462,078	(4)

Table 14

CITY OF WAYNE, MICHIGAN  
MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 2004

Date of Incorporation as a City  
Date of Incorporation as a Village  
Form of Government  
Area

August 5, 1958  
April 12, 1869  
Council-Manager  
Six Square Miles

Streets  
Major Street Miles 31.93  
Local Street Miles 41.56  
Sidewalks in Miles 130.00  
Bridges 8  
Street Lights 1,988

Water and Sewer Services  
Commercial Meters 402  
Residential Meters 5,554  
Detroit Water  
Purchases (Gallons) 1,091,090,770  
Miles in Water Mains 85.92

Fire Protection  
Number of Stations 1  
Number of Firefighters and  
Officers 20  
Number of Fire Hydrants 671

Parking System  
Parking Structure 1  
Capacity 450  
Parking Lots 11

Police Protection  
Number of Stations 1  
Number of Sworn Personnel 42

Recreation/Culture  
Number of Parks (134 Acres) 18  
Major Recreation Facilities  
Community Center  
Ice Arena  
Health Center  
Aquatics Center Indoor Running Track  
Historical Museum 1  
Library (101,980 Volumes) 1

Number of Employees  
Full-Time Personnel  
(Authorized per Budget) 162.00  
Part-Time Personnel  
(Seasonal Full-Time  
Equivalent per Budget) 62.07

Cemeteries  
8.51 Acres 2

Population Data  
1960 19,053  
1970 21,054  
1980 21,159  
1990 19,899  
2000 19,051

Election Data  
Registered Voters, 2002 11,882  
Votes Cast General Election  
November 5, 2002 4,995  
Percent Voting (Local) City 42.04%  
  
Registered Voters, 2003 11,755  
Votes Cast General Election  
November 4, 2003 2,118  
Percent Voting (Local) City 18.02%

Table 15

CITY OF WAYNE, MICHIGAN  
GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES  
LAST TEN FISCAL YEARS

Fiscal Ended June 30,	General Fund		
	<u>Undesignated Fund Balance</u>	<u>Annual (1) Expenditures</u>	<u>Balance as Percent of Expenditures</u>
1995	\$ 808,600	\$ 10,686,567	7.6
1996	979,559	11,134,285	8.8
1997	739,664	12,245,495	6.0
1998	916,715	13,030,988	7.0
1999	1,349,684	13,770,254	9.8
2000	1,128,140	13,964,869	8.1
2001	888,220	15,200,056	5.8
2002	426,327	16,558,560	2.6
2003	1,286,587	16,000,391	8.0
2004	826,244	15,817,983	5.2

Note:

(1) Debt service expenditures are not included.

**POST, SMYTHE, LUTZ & ZIEL LLP**

*Certified Public Accountants*

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November 11, 2004

To the City Council  
City of Wayne  
3355 S. Wayne Road  
Wayne, MI 48184

To the Member of the City Council:

We have completed the audit report of the financial condition of the City of Wayne, Michigan, for the year ended June 30, 2004. We have no comments and recommendations as a result of our fieldwork.

There were no reportable conditions or findings reported in the Schedule of Findings and Questioned Costs at June 30, 2004.

Respectfully submitted,



POST, SMYTHE, LUTZ & ZIEL LLP  
*Certified Public Accountants*